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## RELATIONS BETWEEN ARMY AND PARTY IN CHINA

Socialist education textbooks, hastily prepared since the campaign of criticism of the Party in China, are being distributed throughout the country from the universities to the army mess halls. No organised group is excluded from re-indoctrination. Even the 3,300,000 pedlars in the country are regarded as having come short of Socialist requirements and are to have suitable treatment. The education campaign is also to be launched in the armed forces to educate the military personnel and induce them to "stand steadfast in their political thinking during the anti-rightist campaign." The political commissars have long ceased to play the commanding role they enjoyed in the Soviet armed forces in the heyday of Stalinism, but an attempt is now being made to restore their influence and to checkmate the growing power of the Marshals, which is now superior to the influence of the Party in the army.

It is significant that the Party directors of the new indoctrination campaign in China have deemed it necessary to give the military a dose of ideological treatment, for fear that if it is not given they may get upset about the Party's proceedings against some of its critics and even make their dissatisfaction known. If one word from Marshal Zhukov can direct the time-servers in the Soviet Central Committee and bring about the downfall of three of the most powerful of the Old Bolsheviks, one word from Marshal Peng Teh-huai might have a quite shattering influence in Peking. But the army in China has few if any of the great grievances against the Party of the Army in Russia. There is no great massacre of the entire Army leadership to be avenged or even the seduction of the Army, fighting a great war, into a heedless, disorderly desertion as occurred in 1917. It is true that a great proportion of the Liberation Army originally served under the Nationalists and

Generalissimo Chiang Kai-shek and that, although great numbers have been demobilised, there must still be many thousands among the officers and in the ranks. None of them has ever complained of participation in the Korean War and the heavy sacrifices entailed thereby, especially as a result of the mass attacks, though most of those who fought probably believe that the Chinese fought at Soviet orders, for at that time they simply had to obey the Kremlin in everything or lose the game entirely.

But the Army Command can hardly have failed to note the chasm between the intellectuals and so many other groups, on the one hand, and the Party policies on the other. Only if it were clearly apparent that the nation was divided against itself would the Army revert to its former consistent role in the revolution and take over the power. There is no likelihood of that as things are at present in China. The political leadership of the Army made it quite clear on the PLA anniversary that Party leadership had been the decisive factor in leading the Army to victory. Even the army newspaper, which is, of course, edited by the political section, acknowledged this.

The agitation was for the removal of direct Party interference in all Government organs, enterprises, industries, mines, and indeed all institutions which are normally administered elsewhere by Government officials, not by parties. Thus the suggestion that the Party should be withdrawn not only from the universities and industries but from the Army as well has no sinister significance but is simply consistent with a demand which was undoubtedly widely popular. Nor is there any indication that anybody in the Army inspired any such suggestion, or that there is the slightest friction between the Marshals and the political commissars. The Chinese leadership both of the Army and of the Party have solid traditions of unity and



co-operation. In the earlier days of co-operation between them in the mobile "Border regimes" in Kiangsi, Hunan and Fukien, Chu Teh and Mao Tse-tung were commonly bracketed together and the regime was known as the Chu-Mao group. The army leadership seems as durable as the Party leadership, and no Stalin has appeared to boss and to annoy both. Nor, though Mayor Peng Chen conforms to the tougher types that have occasionally turned up in the Chinese Revolution, is there any Stalin-like personality in the offing.

But those who know the history of revolutions are aware of the role that finally falls on the soldier. There is no reason why it should be any different in China. So long as nothing untoward happens in the USSR, Army and Party will work closely together in China. But only a few months ago there was a confrontation of rival Party forces between whom the Army had to decide, and the decision for Khrushchev as against Malenkov, Molotov, and Kaganovitch was fateful.

Of course change goes on all the time. The "old lags" of the Tuchun wars have been weeded out alike from the PLA and from the Nationalist Army in Taiwan. Many of the literate younger men have been drafted into both, and these have naturally been very much under the influence of day-to-day events and the currents of public opinion. If they have no old grudges, they also have no old ties. And it is not to pass unobserved that in its own Army Day editorial the organ of the Party, the Peking People's Daily, addressed its admonitions particularly to the "several hundred thousand intellectuals (literate) who have joined the Army in recent years" in the hope that they will "strive to steel themselves in the revolutionary struggle and identify socialist education, learn from the veteran cadres, and for ever carry on the glorious traditions of the PLA." There was also a good look at the "several million demobilised servicemen" who were expected to play "an exemplary role in production and national life." There was even a reminder of the dependents of revolutionary servicemen and of martyrs—who have sometimes felt rather neglected—with the hope that they would "continue to preserve their honour."

There were admissions in the Army paper's anniversary comment of mistakes by the Party in the past under other leadership, such as that of Chen Tu-hsiu, when the Party was still young and lacked experience. There were again mistakes under the Party leadership of Wang Ming and Po Ku, who enforced the wrong line which brought "serious loss to the revolutionary base and the strength of the Red Army." But all this was changed after the Tsunyi Conference, when Mao Tse-tung regained leadership, and the Party enforced the correct political and military lines which brought "far-reaching expansion and great victory to the Chinese revolution and the armed forces." It may have been remarked by the literate soldier who read this effusion that the Party's political representatives in the Army seemed to use the Army

organ to make out that everything was owed to the Party, while the older soldier no doubt felt that the Party owed everything to the soldier. It is a point of view!

The Army were handled with kid gloves in the debate on Mao's contradictions and in the Rectification of the Party working-style, and one has so far heard of no denunciation of any of the Marshals or Generals for anti-Party views! There were somewhat perfunctory if spectacular demonstrations of conformity in form rather than in substance. It must have been quite a spectacle to see, on one occasion in early May in Peking, 160 Generals and other high-ranking officers roaring through Peking in large trucks on their way to Peking's favourite State farm to go through the motions of "performing physical labour" with the political commissars as escorts and instigators; and a still more impressive sight to see another party of over 400 Generals and high-ranking instructors of the rank of Colonel and above roaring out to the nursery of the Peking Municipal Bureau of Forestry on the same errand. The write-up they receive made it all well worth while!

It was the essentially political General Su Yu, Chief of the General Staff, who shouldered the task of putting down in some detail the "shortcomings" of the military. He chose the Chungking Garrison for his audience on May 30. Relations between the troops and the local governments and between the troops and the masses were basically normal, he said. But there were certain man-made contradictions. Often the troops had taken over more land than they needed and too many large and good buildings. They expanded their prohibited zones too greatly, causing public dissatisfaction. The troops also claimed too many privileges and too much special treatment. In some garrison areas, too, there were "homes for officers" and "clubs for high-ranking cadres." All these signboards should go. "Homes for officers" should be made into "homes for Army men."

There were, of course, the usual contradictions, which General Su Yu enumerated in full number, and among some of the troops "certain undesirable ideological tendencies have gradually emerged." For instance, the conception of honour and position was slowly gaining prominence, and some people became very particular over grades and ranks and over the question of personal treatment. Some exhibited the habits of a "big boss," giving themselves away to pomp and splendour, asking to live in big mansions and being unwilling to live in huts and simple dwellings, and looking for space and comfort in their offices and living quarters. "Such ideological trends and working style are incompatible with the traditional working style of industry and simplicity of the PLA," he said. He expressed the hope that Party and administrative cadres and intellectuals outside the Party in all areas would boldly expose the mistaken ideologies and working style in the Army. Leading army cadres must more especially review themselves in the course of the



rectification campaign, for only thus could unity within the ranks of the army be strengthened and the prestige of leading cadres be raised.

In most cases the proceedings were as perfunctory as they were when the PLA leadership organs on the Fukien Front discussed Chairman Mao's speech on the correct handling of Contradictions and the reports sent with it from Senior General Tan Cheng, General Yeh Fei and Lt.-Gen. Liu Pei-shan. The leadership ranks themselves decided to "penetrate the lower ranks" to deliver reports to the soldiers and collect their opinions. But the top Army Political Commissar, General Tan Cheng, insisted that attention must be paid to relations between officers and men as well as between army and civilians. The Vice-Director of the Political Department of the Army, General Hsiao Hua, told a gathering in Peking on May 3 that the weight of the rectification movement should be placed on cadres of the rank of regimental commanders and above. That at least was designed to placate the higher officers who, as in Russia, are now proud and jealous of the professional standing of the army and would look askance at any attempt to induce a General to criticise himself before his troops as professors had to criticise themselves before students or intellectuals before their fellow-members. Though the army possessed the special characteristic of concentration and unity, this made it possible for "blossoming and contending" to have a free hand. The ranks would then all the more listen to orders and the leadership become more strengthened.

One of the more interesting phases of developments was the invitation issued by the political

commissars to the non-Party, high-level intellectuals of military organisations in Peking to a symposium between May 22 and 25 to gather opinions concerning the leadership of the Army. Twenty-six engineers, research office directors, professors and medical directors spoke at the symposium, and many of them complained that Party cadres and members of the Army failed to trust or respect the non-Party intellectuals and even discriminated against them. They, too, complained that they had position without authority, and the railway experts grumbled about the confusion caused by sudden rush orders. As for the relations with the people generally, it was discreetly suggested at the Air Defence Academy, for the encouragement of others, that certain salutation addresses within the classrooms should be abolished, together with irrational consideration for high-ranking officers in the purchase of theatre tickets; that better attention be paid to the living and welfare amenities of the workers in their employ; and that closer relations be promoted with the civilians, while the use of Army vehicles for officers' wives and children for shopping and schools should be stopped.

China is facing "a great historical era," in which the struggle against the rightists is "another great socialist revolution," and an acute class struggle in the political and ideological fields. The tendency to consider only the Marxist-Leninist classic works as theories and to look upon the policies and resolutions of the Party, and the works of Chairman Mao, as "current events and policies" must, says the Liberation organ, be opposed. The two fields should be combined for study purposes—presumably by the political commissars.

## POPULATION GROWTH AND THE STANDARD OF LIVING IN UNDER-DEVELOPED COUNTRIES

### PART II

#### Can industrialization solve the population problem?

One means of slowing the growth of the agricultural population and relieving the pressure of numbers upon the land is to transfer workers from agriculture into other fields of employment. It is generally agreed that enlargement of the industrial and commercial sectors of the economy is essential for successful economic development of most of the under-developed countries. The importance of industrialization and the development of foreign trade is most evident in countries where shortage of land seriously impedes agricultural development. By producing manufactured goods and trading them abroad for food, labour, which is plentiful, in effect is traded for land, which is scarce. Japan's economic development since the beginning of the twentieth century is a striking example. Without a great expansion of manufactures and foreign trade, Japan could hardly have managed to feed her growing population on her slender agricultural resources.

In favourable circumstances, industrialization may turn the growth of population into a valuable aid in attaining a higher standard of living. No one can deny that the increase of population has played such a positive role in the past development of some countries which are now highly industrialized. An example is the United States, where massive immigration, falling death rates, and a moderately high fertility increased the population from about 5 million in 1800 to 150 million in 1950. If the population had remained at its 1800 level, it could never have supplied the labour force to exploit the country's vast natural resources and to build and man its present industrial plant, nor could it have provided the markets to absorb the products of its large-scale, low-cost industries. In the future, if some of the under-developed countries with great reserves of unused resources and a relatively small population can launch a successful programme of industrialization on a major scale, they also may be able to benefit from a large increase of numbers.



However important the benefits of industrialization might be, it would be a mistake to dismiss the population problems of the under-developed countries on the easy assumption that they will soon be solved in this way. It is a formidable task to develop large-scale industries in a predominantly agricultural country with a low level of income and little capital, even if the country is amply endowed with such resources as coal, oil, iron ore, and other sources of energy and industrial raw material. It is difficult enough to get the capital required for developing these resources and building the factories, railroads, and other facilities of an industrial economy. But there are also other difficulties which would hinder any rapid industrialization of most of the under-developed countries even if capital also were available in abundance.

In all the under-developed countries, there is a scarcity of workers who possess the skills and abilities required for efficient operation and maintenance of machinery and for technical, clerical, and managerial occupations. It is not even easy to find suitable trainees for such jobs among a population composed mainly of peasant farmers and a few artisans using simple tools and little or no machinery. The formation of an efficient labour force depends not only on the abilities and aptitudes of the people but also on their willingness to learn and to do the kinds of work in question. The change of occupations often means a complete readjustment of the workers' way of living, and perhaps moving from the homes of their forefathers to new and strange communities. It is not surprising that the material comforts that can be purchased with the wages of new employments are not always sufficient to attract a large number of workers, or to hold them permanently.

The deficiency in education that is typical of most under-developed countries hampers their efforts to overcome these difficulties. To quote a few examples, 73 per cent of the population in El Salvador, 79 per cent in Turkey, 85 per cent in Egypt, and 90 per cent in India are unable to read or write. The lack of education not only hinders training of the workers needed for industrial development but also makes it the more difficult for them to adapt themselves to the conditions of life in an industrial and commercial society. Although every nation recognizes the need of a certain minimum education for all its people, it takes time to achieve this goal.

If the under-developed countries wish to sell manufactured goods abroad, they must find a way to produce these goods efficiently and cheaply in spite of their handicaps. They must compete with other nations that already possess a highly developed industrial plant, a skilled and efficient labour force, and an established position in the world markets. On the other hand, if they wish to industrialize by producing for the home market, they are handicapped by the limited size of the market which results from the inadequacy of income and purchasing power.

#### **The shortage of capital in under-developed countries**

What has been said up to this point implies that the regions of retarded economic development could not be made into prosperous centres of industry within a short time, no matter how well they might be supplied with the physical equipment required. But in fact these regions are marked by a conspicuous lack of factories, machinery and tools, railroads, locomotives, warehouses, power plants, and other installations required for the development of manufacturing industries. The lack of equipment hinders not only industrialization but also the extension and improvement of agriculture.

Huge investments would be required to provide the under-developed countries with enough equipment to permit

a satisfactory level of output per worker in both agriculture and industry. For example, to fit out all Asia with an average of \$2,000 worth of machinery and tools per worker would cost an amount equal to three times the national income of the United States. It has been estimated that \$540,000,000,000 worth of equipment would be needed to raise the average output per worker in the major part of Asia to the level that Japan had reached before the Second World War.

Heavy investments in working equipment are beyond the means of the under-developed countries, for the great majority of their small income necessarily goes for food and other day-to-day necessities. And by no means all of what they do manage to save is actually invested in income-producing improvements. For example, it has been estimated that net savings in Brazil in 1947 amounted to \$13 per capita, but only \$6 of this went into productive investments.

Within limits, the under-developed countries can increase their savings and investments by following appropriate fiscal, customs, and financial policies. Japan's experience over a period of 70 years shows how a country starting with a low per capita income can save and invest in such a way as to build up a powerful industrial plant in the course of time. But this cannot be accomplished overnight. The hoe cannot be asked to produce enough both to feed its owner today and purchase a tractor tomorrow.

Some of the needed equipment can be purchased abroad with the help of foreign loans. In fact, large loans from the richer nations have been called an essential condition for satisfactory progress in economic development of the retarded regions. But the under-developed countries cannot rely on foreign capital alone, if only because many kinds of equipment cannot economically be transported in foreign trade. A hydro-electric turbine, for example, may be imported, but not the power plant itself, nor the dam. And whatever is purchased on loans must be paid for within a reasonable time out of savings if the borrowing nation is to avoid an excessive burden of debt and maintain a good credit standing. In the long run, the under-developed countries must depend mainly on investment out of their own savings in order to work out a sound, balanced programme of economic development.

#### **How population growth intensifies the shortage of capital**

The faster the population grows, the more investments are necessary to keep up a given level of per capita production. In a country with a constant population, it is necessary only to replace the equipment which is worn out or becomes obsolete, in order to see that each generation is as well provided with the tools of production as the preceding one. Where the population is growing, an additional investment is required to maintain the same average amount of equipment per worker. An improvement of equipment which would permit a larger average product per worker and a higher standard of living can only be obtained by a further investment, over and above what is required by the growth of population. The further investment, which an under-developed country can actually afford to spare from its annual income, is smaller if the population is growing rapidly than if it is growing slowly. So the speeding-up of population growth in the under-developed countries makes it the more difficult for them to save and invest enough.

It has been estimated that an under-developed country with its population increasing at one per cent per year must invest from 2 to 5 per cent of its national income in order to keep a constant average amount of working



equipment per worker. If the population increases at 2½ per cent per year, from 5 to 12½ per cent of the national income will be absorbed in such investments. It is not easy for any poor country to save such a large proportion of its income; but those where population is now growing most rapidly must save and invest still more if they are to reach a higher living standard. The difficulty is not confined to densely populated, resource-poor countries. It exists also where there is an abundance of land and other natural resources not being used for lack of the necessary capital or working equipment.

#### The burden of dependent children

It can be said that a nation is called upon to make investments in human capital as well as physical equipment. In other words, what is spent in rearing and educating the next generation is also an investment, which may pay handsomely in terms of future production and prosperity. The responsibility for this kind of investment is carried by the elder generation, and the weight of the burden which it represents for the average adult worker depends partly on the relative numbers of children and adults in the population. In the under-developed countries the ratio of children to adults is typically very high because of their high birth rates—and this aspect of their population situation further complicates their problem of savings and investments.

The age group from 15 to 60 years can be taken roughly to represent the adult population which has the responsibility of supporting the nation's children. In the under-developed regions of Asia, Africa, and Latin America, there are generally about 7 children under 15 to every 10 persons between 15 and 60 years old. On the other hand, the ratio in the economically most advanced countries of Europe, North America, and Oceania is typically around 4 children to 10 adults of the ages mentioned.

The people of the under-developed countries lighten their load of childhood dependency by putting the children to work at an early age. It is common practice in the rural areas of such countries for children to begin working more or less long hours in the fields or at various farm chores by the age of 10 or 12 years, if not earlier. In Turkey, for example, the 1945 census showed 49 per cent of the boys 10 to 14 years old engaged in gainful occupations, whereas the corresponding figure for Sweden in 1940 was only 2 per cent. But the employment of children at this age is not compatible with a high standard of education and therefore cannot be regarded as a satisfactory solution of the economic problem which a high ratio of children in the population creates.

Whatever is invested in rearing and educating a child is lost if the child dies before he reaches the age at which he can contribute to production. So it seems that the reduction of death rates in under-developed countries, permitting more children to survive, means a corresponding saving of material resources. Is this not a possible source of the additional investments which these countries need, both to improve the capacities of the coming generation of workers and to give them better physical equipment?

Unfortunately, it is not so. Although it seems at first thought that an increase in the proportion of children who survive should improve the ratio of adult to child population, this is a delusion. So long as the birth rates are not changed, any addition to the adult population implies a proportionate increase in the number of births. If death rates fall while birth rates remain constant, the size of each successive generation will be larger but the average number of dependent children per adult will be practically un-

changed. This is the present situation of the under-developed countries generally, and they will continue to suffer the economic handicap of heavy childhood dependency as long as their present high birth rates continue.

#### The three population problems of the under-developed countries summarized

To sum up, population enters into the problem of achieving satisfactory standards of living in the under-developed countries in three principal ways.

First, their high birth rates create a heavy load of dependent children per adult. This makes it difficult to save enough, over and above what is required for the support of the workers and their dependants, for needed investments in equipment for economic development. It also seriously complicates the problem of providing the children with the education that is essential for social and economic progress in the long run. This aspect of the population problem is common to all the under-developed countries.

Second, falling death rates with high birth rates bring about a rapid increase of population. Large investments must be made to keep the growing numbers of workers equipped even with the same inadequate amounts of working equipment per man as they have had in the past. So the possibilities for investments which would improve the equipment and raise productivity per worker are diminished. This speeding up of population growth, aggravating the shortage of capital, is now taking place in very many under-developed countries, wherever successful public health campaigns have greatly reduced death rates.

Third, many of the under-developed countries have an excessive density of agricultural population in relation to the area of cultivated land. The average farmer has too little land to make a satisfactory living for himself and his family. Not all under-developed countries face this difficulty, but it exists in some which have large amounts of unused land, as well as in those where nearly all the cultivable land is fully occupied. At least some of the countries now suffering from acute agricultural over-population might be able to employ all their numbers to good advantage, and benefit in the long run from a substantially larger population, if they were better equipped to utilize the land resources which they possess, or if they could industrialize. But neither the necessary improvements of agriculture nor the development of industry can easily be accomplished, and the difficulties are increased by high birth rates and rapid population growth.

It appears that even in a country where population growth would be economically advantageous in the long run, economic progress will be hindered if the birth rate is so high and if the population grows so rapidly as to put an excessive strain on the economy.

#### Will the high birth rates of the under-developed countries continue?

There are some reasons for expecting that the birth rates of the economically retarded nations would fall in the future, if they could industrialize and improve their standards of living to some extent. This expectation is based on the history of economically more advanced countries which, at an earlier stage of their economic development, had nearly as high birth rates as the under-developed countries generally have today.

The theory is that nations generally pass through a typical cycle of changing birth and death rates as they make the transition from a low-income agricultural to a high-income industrial economy. During the first phase of the cycle, the changes in economic conditions are not suffi-



cient to have much effect on traditional attitudes and customs relating to marriage, the family, and the production of children. So the birth rate remains high, and as the death rate falls the population grows rapidly. But sooner or later the change from rural to city life, from the family farm to wage-earning industrial employment, with higher income, better education, and constantly increasing material wants, begins to affect people's ideas about the number of children they desire and the possibility of limiting the size of the family. Lower death rates also may affect these ideas, as parents come to realize that they no longer need to produce so many children to assure the survival of the number they want. Eventually the birth rate falls, balancing the lower death rate, and the growth of population slackens.

This theory fits reasonably well with the past trends of population and economic development in most countries of Europe and the industrialized countries of North America and Oceania. \*As a basis for predicting the future course of events in other parts of the world, it is subject to a certain weakness. The repercussions of industrialization and increasing wealth upon the birth rate may not be the same in different cultures. For example, the Bantu herdsmen of the African prairies, the Buddhist peasants of Ceylon, and ancestor-worshipping farmers of China may not react to these changes in the same way as the Europeans and their colonists overseas reacted.

Nevertheless, most experts presume that economic development of the now under-developed countries would ultimately lead, at least in most cases, to lower birth rates. If this is taken for granted, the question remains what types and what degree of change in economic conditions would be required and how much time would have to elapse before the birth rate would fall low enough to nearly balance the death rate?

The history of the European peoples does not give a very good basis for predictions in this matter. In Poland and Czechoslovakia, before the Second World War, the birth rate fell as much in about 12 years as it had fallen in France during a period of 70 years in the nineteenth and early twentieth centuries. It has been suggested that the tempo of such social changes has been quickened by improved means of communication, such as the radio, bringing the people of different countries into closer contact. But it is possible, in spite of these changes in the circumstances, that conditions favouring a low birth rate may develop more slowly in other parts of the world than they did in Europe, Northern America, and the British Dominions of Oceania.

Another question that may be even more important is whether or not the birth rates of the under-developed countries may fall before they have reached a much higher standard of living. It has been said that such an event is unlikely because people living in deep poverty and ignorance generally lack both the means and the will to control the size of their families. But some recent studies in low-income agricultural regions where birth rates are very high have shown a remarkably widespread desire to avoid having too many children and an interest in learning how to prevent it. Research on suitable methods of family planning for use in such countries and government programmes of public education in this field may have an important effect on the future birth rate trends.

#### Can emigration solve the population problems of under-developed countries?

Overseas emigration helped European countries during the nineteenth and early twentieth centuries to escape some of the economic difficulties to which the rapid growth of

their population might otherwise have led, before the birth rates were adjusted to falling death rates. According to one estimate, the population of Europe in 1910 was 88 million less than it would have been if there had been no emigration after 1800. The case of Ireland is remarkable. Beginning at the time of the potato famines in the 1840's, emigrants left Ireland at such a rate that the population decreased from more than 8 million in 1841 to less than 3 million in 1946. Without emigration the density of population on Irish farms would no doubt have mounted steadily, aggravating the constant problem of rural poverty in that country.

Countries like Great Britain and Germany benefited from emigration, not only as a relief from population pressure on the land, but also in other ways. The emigrants built up markets abroad for the products of the home countries' industries, supplying raw materials and food in exchange. The development of agriculture and industry in the areas of immigration overseas also furnished a profitable field for investment of European capital.

Today the densely populated under-developed countries have much less opportunity to ease their difficulties in this manner. There are no longer any great "new worlds" with vast areas of good farmland to be had for the labour of clearing and ploughing it. Some lands are still available to immigrants in certain parts of the world—South America and Australia, for instance—but they are generally less productive and more costly to develop than the lands which the European emigrants took up earlier. Even where the land itself can be acquired cheaply, a substantial investment is generally required to cover the cost of transporting the migrants, outfitting them on their new farms with stock and equipment, maintaining them until they reap their first harvests, building their new homes and roads, schools, etc., for their new communities. Sometimes there is a need for further investments in irrigation, drainage, elimination of pests, etc., to make the land productive and habitable. The people of the under-developed countries can ill afford to bear these costs. On the other hand, the countries of immigration prefer to encourage settlers from more wealthy countries, who can generally bring more capital, a superior education and better knowledge of modern agricultural techniques with them.

While the opportunities for new agricultural settlements have diminished, the demand for workers in manufacturing, trade, service and related occupations has greatly increased in many of the countries of immigration. In fact, a large and growing proportion of all international migrants since the end of the nineteenth century have found employment in the latter kinds of occupations. But migrants from the under-developed countries, for the most part, are not very well qualified for any but a fairly narrow range of relatively unskilled jobs outside of agriculture. Here again they are at a disadvantage in competition, not only with migrants from the more developed countries, but also with the workers resident in the countries of immigration.

For these reasons it is unlikely that the under-developed countries would be able to send out emigrants in nearly such numbers as Europe did half a century ago, even if there were no legal barriers to exclude them from the countries of immigration. Actually there are now severe restrictions in all these countries both on the right of immigrants to enter and on the types of employment in which they may engage within the country. These restrictions are generally such as to make immigration particularly difficult for the nationals of under-developed countries, especially in Asia. In effect, they are virtually excluded from some of the most important immigration countries.



On the other hand, if emigration were to have any great effect on the trend of population in some of the largest, most densely populated under-developed countries, like India, China and Java, it would not only have to equal, but to surpass by a wide margin the highest emigration rates ever experienced in European countries during the era of the great transatlantic movement. Such a feat appears to be entirely out of the question under the conditions that exist in the world today.

Within the limits of what is possible, emigration may nevertheless be of some help in relieving the economic pressures due to excessive density of agricultural population and too rapid growth of numbers, particularly in the smaller under-developed countries. Its possible effectiveness in favourable circumstances, at least in the short run, is shown by the recent experience of Puerto Rico. Puerto

Rico, of course, is a special case, since its citizens have unrestricted access to the United States and the cost of their transportation and relocation in that country is minimal.

For the under-developed countries in general, and particularly for the larger and more populous ones, it is almost inevitable that the shifting balance of births and deaths will continue in the future to be the major determinant of population trends. This being so, economic development within the under-developed countries themselves must be made to over-balance the natural growth of population, if the better standards of life desired for the future are to become a reality.

—(Brief summary of relevant chapters of a United Nations Report on "The Determinants and Consequences of Population Trends")

(End)

## PAPER MONEY IN MODERN CHINA (1900—1956)

### MILITARY BANKNOTE ISSUES, TREASURY AND RAILROAD SCRIP

By E. KANN

#### PART XVI

Unfortunately, military emissions of paper in China were numerous and, in the majority of cases, remained irredeemable, or else cashable only at heavy discounts. One often could come across such notes issued by warlords during the republican regime, stating on the face "By order of the Board of Directors." Actually there existed no such body in connection with the issuance of military fiat money. And all those notes promised to pay to bearer on demand. . . . However, almost always the responsible parties turned out to be irresponsible by taking this phraseology not too literally. Whenever straight taxation was impracticable, militarists, in order quickly to obtain funds, had paper money printed and forced same into circulation in the districts which happened to harbor their soldiery. The problem of reserves and redemption was a mere trifle to the initiators.

As the name implies, military paper money had its roots in the military structure of China. Almost all the evils in connection with the redemption of fiat money could be traced back to either warfare in China, or else to preparation for conflicts. That this basic truth stands unchallenged, in face of the undisputed fact that the Chinese masses are the most peace-loving people on earth, does not make the statement anomalous; for it is the militarists who have been deviating from the common rule, much to the misfortune of the Chinese masses.

As internecine strife in China, especially when caused by a change of dynasties, was common already during the Middle Ages, it is not surprising to find the issue of military paper money in vogue already during those remote times. There exists clear evidence that, during the Chin dynasty, under emperor Tai Tsung (A.D. 1123-1134), fiat money was put out and clearly imprinted in Chinese: "Great Chin Army Treasury Note for 5 kwan." After the illustration of a shoe of sycee of those distant times comes a Chinese legend which, in translation, reads as follows:

"The Civil Board, having petitioned and received the Imperial sanction, prints for the convenient use of the people the Great Chin Treasury Note, to be used as the Yellow

Flag. The counterfeiter, if discovered, shall be executed summarily."

It ought to be recalled that in October of 1911 a revolution broke out in China, upsetting the imperial system and substituting a republican regime in its place. Revolutions of such magnitude are not terminated in a single year; the usually last decades before the national structure can be consolidated on a firm basis. Upheavals of such extent are synonymous with huge expenditures which must be covered in some way. Such movements invariably bring forth ruthless elements who seek to further their unbridled ambitions, aiming at power and enrichment. In striving to reach their goal, they are indifferent as to the selection of methods. Unfortunately, the line of least resistance has been found by many militarists of China in the uncontrolled issue of paper money. And it was principally the rural population which had to undergo untold privations and which was kept in a state of perpetual poverty owing to the insatiable demands of those militarists.

Typical examples of monetary mismanagement, culminating in the pauperization of the populace and the simultaneous enrichment of the military rulers, are to be found in the happenings in Manchuria between 1910 and 1930. Pioneer country with very fertile plains, Manchuria—with honest Administration—could have owned a well-to-do middle class population. But deliberate misrule and currency scandals, which only benefited the masters, drove untold thousands of fundamentally sound workers to turn into desperate bandits; while the crowned bandits became Croesuses.

When in 1926/28 the currency of Fengtien (Mukden) Province sagged in an alarming degree, the warlords there had some exchange brokers shot, holding them responsible for the decline in the value of banknotes. But the downward movement was due entirely to the rapacity of the military rulers, who converted their paper into soya beans, sold these at Dairen and remitted proceeds in silver to Shanghai for their own account.



The unbridled issue of paper money by provincial militarists of China, and the evils arising from such action, were well described by the late Julean Arnhold, formerly U.S. Commercial Attache in China, in his work "CHINA, A Commercial and Industrial Handbook." There he writes as follows:

"The greatest havoc in connection with the paper currency situation in China during the past 10 years has come with the provincial issues under the military governors, who have utilized them as a means of exhorting revenues from the people. In reality, then, they may be considered a kind of enforced taxes. They are put out generally as copper-coin notes, so as to get the widest circulation. In fact, the people pass them along, retaining no more than necessary, so that when a crash comes, no one is caught with large proportionate holdings; but in the aggregate the holdings have been such as to net considerable profits to the authorities responsible for their issue. Until an effective Central Government Administration is established, there appears to be little hope of correcting this serious situation as developed under some of the irresponsible military governors."\*

In the following treatise a number of examples is cited relative to the issue of military notes, as far as these are calling for redemption in silver dollars, i.e. at least nominally in silver. Besides these there undoubtedly exists a large number of other issues which so far have not been brought to the notice of the author. But there also is extant a large volume of paper money calling for redemption in copper coin. Such notes are not dealt with in this section.

When the republican system was inaugurated in Nanking in 1912, there was a rival Government still in power at Peking, holding the purse strings of the national revenue. The South had, therefore, to have recourse to the issue of paper money, mostly under the style of "Military Notes". The Provisional Government of Nanking, in 1912, had figured amongst its budgetary income an item, "Issue of Military Notes \$4,990,000."

These lines, while sufficiently authentic, are not explicit enough as to the origin of the issue. Did same consist of sundry southern emissions, or was it a special Nanking release? Probably the latter assumption may lay claim to accuracy. But we cannot do more than mention the point here, without being able to supply details as to name, date, amount, etc. of that particular Nanking issue of military notes.

A typical example of the emission of military scrip in China is found in the initial period of the republican regime. Dr. Sun Yat-sen had broken off relations with Yuan Shih-kai, President of the Republic, with his seat in Peking. In the fall of 1913, Yuan dissolved the Kuomintang Party in North China, and Sun Yat-sen once more took refuge in Japan. From the following press despatch, dated July 18, 1914, it became obvious that the Peking Government knew of a secret issue of military notes, distributed amongst soldiers in China, so as to induce the military to further the plans of the revolutionaries.

A presidential Mandate of July 15, 1914, from Peking, orders authorities to execute on the spot everyone who takes in payment notes circulated by Sun Yat-sen and alleged to be secured by an internal loan, or notes of an alleged military administration bearing the picture and the signature of Huang Hsing and Chen Chi-mei. The notes were circulated especially amongst the troops, and attempts

were being made to incite the soldiers against the Government.<sup>†</sup>

Probably in retaliation for the foregoing, a statement was issued by the revolutionary party from Tokyo (September, 1914) criticizing Yuan Shih-kai's loan policies, and concluding thus:

"The Kuomintang, after holding several meetings, now states that all bonds issued by its banks, whether issued by the Central Government, or by the provinces, and all notes issued by its banks or official money offices, will not be recognized by the new Government when established."<sup>‡</sup>

#### (121) HUPEH PROVINCIAL MILITARY SAVINGS BANK

The author has inspected a 50-cents note issued during the first Year of the Republic (1912) by the above institution. It is marked "Subsidiary Banknote". Another statement appears on the reverse in English which assures the holder that "This Note is guaranteed by the Ministry of Finance of the Central Government and will be paid to bearer on demand." Seemingly this assertion could not claim absolute accuracy. A military savings bank is something rare in peaceful times; but if created in the course of a bloody revolution, it cannot inspire much confidence. Civilians certainly would not be induced to deposit funds with a revolutionary military savings bank, while the soldiers were so badly paid in China during those times, that the sole function of such an institution could only be the forced and unbridled issue of paper money. No data is available when and under what circumstances this military savings bank discontinued banking business of its own caliber.

#### (121a) MINISTRY OF COMMUNICATIONS, PEKING-HANKOW RAILWAY

Between 1922 and 1925, the Peking-Hankow Railway issued notes in denominations of \$5, 10 and 50. From the regulations printed (12) on the reverse it can be gauged that there were altogether 36 such issues. Seemingly one series came out to replace a previous series defaulted on. The rules state that the security offered for these notes consists of guarantees given by the Tientsin-Pukow Railway, Peking-Hankow line and the Peking-Suiyuan Railroad. However, the Tientsin-Pukow Railway had huge foreign obligations since 1908, which most of the time were in default, while the other two lines were at times guarantors for internal loans. So, in this case, the security was hyperbolic and the notes became irredeemable. Their extent must have been considerable, for the first and second series alone aggregated 8 million dollars principal, plus 3½ million dollars overdue interest.

#### (122) REPUBLICAN CHINA ARMY BANKNOTE

Under this style paper money was issued in 1912 in Canton, printed by the Commercial Press, Shanghai, in denominations of \$1 and \$5. What became of these notes is not clear. In 1913 the Bank of China at Canton redeemed \$31,045,000 of hitherto irredeemable notes, using proceeds of the Reorganization Loan for the purpose. The redemption took place at the rate of \$0.455 old notes for each Bank of China dollar scrip. The latter were redeemable in silver coin. Undoubtedly, a large part of the military notes was amongst the currency redeemed.

#### (122a) NATIONAL ARMY FINANCE CURRENCY NOTE

The emission of notes in 1927 by the army commander was forced on the people. The originator was the 'Christian'

\* Published in 1926 by U.S.A. Department of Commerce, Washington, Trade Promotion Series No. 38, pp. 159/160.

† See "North China Herald" (Shanghai), Vol. 112, fol. 231.

‡ Ibid, Vol. 112, fol. 971.



# NEW FIVE-ANTI CAMPAIGN AGAINST INDUSTRIALISTS

In spirit, the rectification campaign which has just begun among the industrialists and businessmen is a new "five-anti" campaign. The Party leaders have decreed that the transformation of the industries and businesses was not enough. The men who were robbed of them but are still engaged in running them, or teaching the Party placemen how to run them, have to be transformed too from bourgeois to true proletarian Marxists. But the present campaign is unlikely to reproduce quite the same terrorist methods which have left such ineradicable memories among those of the bourgeoisie who experienced and survived them. The term "survived" is used advisedly, because there was an unprecedented crop of suicides during this period of trouble. It was alleged to be dangerous to walk on the pavements lest some distraught or revengeful industrialist, driven by rage or despair, fall from the rooftop upon the wayfarer. That will not happen again. This time the Communists and their activists know better. They have found that those who perpetrate these things are marked men, and that sooner or later, as recently in the case of so many of their like in the rural areas, vengeance will be exacted. In practically all the murderous attacks on Party officials and bureaux during the recent excited campaign of criticism the ringleaders were the close relatives of men who had been executed or gravely wronged during the land reforms and the campaigns of suppression.

But more pervasive than this warning is the growing realization that if the Communist hierarchy go too far in their counter-offensive they may drive the whole intellectual class and the bourgeoisie into a refusal to co-operate. Such a policy would be costly for them; it would be positively ruinous to the Communists, who could hardly muster the expertise to run a single one of the big factories or manage any large business, let alone run the innumerable courses of modern universities. A civil disobedience or sit-down strike such as were once fashionable in India would stop everything. So the more violent forms of conversion will be ruled out. But the Party are grimly determined to ad-

minister a full corrective of the recent rebellious tendencies and criticisms of the Party Committees in the transformed enterprises. The general complaint of the critics was that these inexperienced but interfering Party busybodies were a gross encumbrance and that they should be removed from the factories and offices which would run, as before, much better and more economically without them. There was undoubtedly a great deal of truth in this, but it hurt all the more. There is no mistaking the determination to compel the ex-capitalists to take a different view of this.

The watchword now is that "a bourgeois individualist is bound to turn into a political rightist." A veteran Party member, who had been associated with the revolution for more than a score of years, who had started in the Communist Youth League, and had become a high official of the students' department of the League Central Committee and later an assistant to the President of Tsinghua University, had joined the rightists like Lo Lung-chi and Chang Po-chun. And while he was held up as a warning example to the intellectuals, he was also a symbol of the warning to the bourgeoisie. Economic and technical bodies like the All-China Federation of Industry and Commerce kept out of the rectification and criticism campaigns. They left that aspect of it to the politically-minded of their number who were prominently associated with such bodies as the China Democratic National Construction Association. But both the Federation and the Association were told they were in for a rectification themselves. The Party does not do this sort of thing itself—it would be more than merely interesting if they did. But the Party leaders never stoop to public controversy with their opponents, however eminent they might be in industry, science, or the arts. That would be beneath their dignity and perhaps a trifle beyond their competence, for although the small group of leaders who really direct and dictate policy from Peking are exceedingly brilliant men who are the equal of the Russians or any other Marxists in their knowledge and capacity for exposition of Marxism-Leninism, they have been educated in nothing else. Indeed the one eminent intellectual most prominently associated with the international work of the Communist bloc who has been educated in other things has never been properly instructed in the ideology of Marx and Lenin!

Obeying, no doubt, the behests of the Party, the Federation and the Association decided to hold a joint meeting of their central executive committees to launch an overall rectification campaign. The Party line was laid down before the meeting. This declared that since the fundamental change of the system of capitalist ownership of the means of production to the system of socialist ownership, the socialist revolution on the political front and on the ideological front had not yet been accomplished. "Judging from the anti-rightist struggle in the industrial and commercial circles in particular, most of the industrialists and businessmen have failed to conduct a necessary transformation of their political stand. It is, therefore, entirely necessary to launch an extensive rectification campaign in the industrial and commercial circles throughout the country." The preliminary joint meeting obviously adopted these terms straight from the Party directive. Both bodies had decided to hold a joint meeting of the committees and through it to unfold a "new high tide of socialist transformation in industrial and commercial circles."

General Feng Yu-hsiang who, some years previously, founded and controlled the Bank of the Northwest without capital, procuring working funds from the issue of irredeemable paper.

## (123) THE REPUBLIC OF CHINA MILITARY BANKNOTE

Issued at Shanghai and dated 9th moon 4609 Huang Ti, which date coincided with 1912. The notes in denominations of 50-cents, \$1, \$5 and \$10, purport to have been issued by the Chung Hwa Bank, as agents for the Military Government. Whether or how these notes were redeemed is not on record.

The author has seen a \$1 note circulated under the same name, but marked "Anhui".

## (124) MILITARY NOTE OF THE NATIONAL REVOLUTIONARY ARMY

Dated 1926 and issued in Hunan Province. The author saw denominations of 20-cents and 1 dollar.

(To be Continued)



The President of the Federation (Chen Shu-tung) told a meeting of businessmen in Peking on September 8 that this new "five-anti" movement was necessary to erase certain questions and doubts which arose in the course of the current rectification and anti-rightist movement. It seems that when the CCP leaders directed the Federation to launch "a small cleansing campaign" patterned after the old three-anti movement against corruption, waste and bureaucracy, "a feverish and damaging attack" was carried out against the Party and Socialism. He tried to reassure businessmen by telling them that the Government had "no intention to settle old scores with wayward businessmen," but it would nevertheless get to the bottom of the matter, look into all cases of rightist activities and deal with them accordingly. The President of the Federation emphasised that there existed no possibilities whatsoever of the co-existence of Capitalism and Socialism in the course of the present Socialist construction, and he described capitalist thinking as "reactionary"—which in Communist interpretation is only one degree removed from counter-revolution.

The Party line for rectification of the bourgeoisie was transmitted in some detail by Li Wei-han, Director of the United Front Work Department, who has probably had to shoulder much of the blame from his Party colleagues for the way in which Party rectification was allowed to take the wrong turning. He made it clear that this rectification is being pushed to all classes and strata, and constituted "a great revolutionary movement on the political and ideological fronts in the form of a national debate. Its central

problem is to determine which of the two roads, one to capitalism and the other to socialism, is better and to be followed." Industry and commerce of a capitalist nature, he said, had been transformed to socialist ownership, but only a small number of leftists who had firmly stood on the side of socialism had shown themselves devout supporters of the leadership of the Communist Party and were resolutely following the socialist road. The majority of industrialists and businessmen had failed to re-mould their political stand and thought, as they should have done in sympathy with the change of their social and economic status. A small section of them had even tried to bring about the restoration of capitalism. These rightists opposed the Party and the Socialist road, and were responsible for the "rampant attack" against the Party and socialism. Most of the industrialists and businessmen were made up of middle of the road elements, with different degrees of a dual nature in their political stand. On the one hand they accepted the Party leadership; on the other they had not wholly renounced their capitalist stand. "They are not pleased at, and have no confidence in, handing over their enterprises and accepting the leadership of the working class and the Communist Party, and still hanker after capitalism. They waver all the time between the influences of the left and the right wings. . . Under the social conditions of today, the capitalist stand is not only anti-socialist but also incompatible with the patriotic stand. Some people think that one can still be patriotic even if they take the capitalist stand today. This is fallacy in every way. Our country



has become a socialist nation now. She is rising higher and higher on the road of socialist construction and is daily changing the economy from its former backward state. This is something joyful and inspiring to any patriot. One who loves such a nation is bound to love socialism, to accept the leadership of the Party and to negate the capitalist stand. This is because firm adherence to the capitalist stand seeks to bring about the restoration of capitalism, to oppose socialism in China and the CCP, and to pull back China to the road of colonialism. People who persist in such a reactionary stand definitely and absolutely cannot have any love for socialism and the motherland. Under the present circumstances any person who is really patriotic must negate the capitalist stand and take sides with socialism. It can thus be seen that politically and ideologically there is before the industrialists and businessmen the grave problem of choosing between the roads of capitalism and socialism. One alternative is for them to follow the rightists and allow themselves to be led to the counter-revolutionary road of destruction—it is definite that the people have no desire whatever to allow them to take this road of destruction. The other alternative is for them to follow whole-heartedly—not half-heartedly—the CCP along the road of socialism and to forge continuously ahead to a bright future. In following this course they must fight resolutely against the rightists, endeavour to change re-

solutely their own political stand, and turn truly to the side of socialism."

Six criteria were laid down very much after the style of the six criteria laid down by Mao Tse-tung (but not followed) for rectification of the Party working style and a good deal of detailed instruction by Li Wei-han followed. But this time he warned that when fighting the right wingers the use of "rough and simple methods" (such as were adopted by the crude and rough Party activists in the previous five-anti campaign against the bourgeoisie) should be guarded against and corrected, "for these methods benefit us in no way in bringing about the downfall of the right wingers and are harmful for the education of the masses." The right wingers were not to be allowed to stay aloof but must take part in the debate—obviously so that they could be forced to confess their sins. But the Party evidently does not feel the country would approve another exercise in the self-criticism orgies of the early days of the revolution, when Presidents and professors of Universities were forced to appear before their students again and again until they had grovelled enough to pass muster. This, said Li Wei-han, would not do now. The formula this time must be the same as in the Party rectification, of unity-criticism-unity, with the method once again of "gentle breeze and mild rain." There is more likelihood that this will be observed on this occasion, for feeling toward the bourgeoisie is rather different from the feelings exposed towards the lower levels of the Party.

## REPORTS FROM CHINA

**Developments in Peking, Shanghai and Tientsin—** During the past 7½ years, building construction in Peking was alleged by the Communists to have increased to a total floor space of 18 million square metres. There are now over 79,000 students in institutions of higher learning compared with a total enrolment in 1949 of only 12,000. The number of middle school students has reached 182,000 and enrolment in primary schools has grown to 422,000. Peking now has over 2,400 hospitals, clinics and sanatoria with however only 5,000 doctors. In 1949 there were only 1,400 such institutions with 2,000 medical personnel. The number of hospital beds has increased from 3,000 to 16,000. Electrical power generated last year was double that of 1952. The number of industrial workers reached 448,000 in 1956 as compared with 310,000 in 1952 and 127,000 in 1949.

In Shanghai, industrial output last year totalled 11,960 million yuan, 3,200 m. yuan more than the preceding year. Investment in capital construction last year was 12.7% more than in 1955; investment this year will total 341 million yuan, 27.92% more than 1956. Industrial construction will take up about one-third of the total investment. New factories to be built this year include a silicon steel plant, an iron foundry, a glass apparatus factory and a woollen knitting mill. Existing works which will be reconstructed or expanded include an iron smelting plant and factories producing oxygen, rubber, sulphuric acid, bricks and tiles. Workers' housing projects this year will provide 500,000 square metres of floor space. In addition, 6,000 workers have applied to build homes with their own funds and government subsidies so far this year. A dozen workers' residential districts have been formed around the city in the past eight years. Altogether three million square metres of workers' dwellings have been built.

According to a special investigation carried out by the Shanghai Municipal Bureau of Statistics, the average monthly income of workers' family was 127 yuan in the second quarter this year, about 12 yuan more than in the same period last year. Of the increased income, over four yuan came from workers' increased wages and the remainder from their family members who found temporary jobs or earned more in cottage industries. Average monthly expenditure of these families in the same period was 119 yuan. Employment figure has increased by 800,000 since 1949 while population has grown by 1.36 million to the record number of 7.1 million. Rated by the propaganda machine of Peking as the fourth largest city in the world, Shanghai is next only to Tokyo, London and New York in terms of population. There was a total of 1,689,000 births in Shanghai during the past eight years. The annual average number of deaths is around 40,000.

Two new industrial suburbs are planned for Shanghai. On the northern outskirts, an area of 340 hectares in the Pengpu District will become a machine-building centre. Work on a plant to manufacture paper-making machinery and a large foundry will begin before year-end. In the Tsaochochin District on the southwestern outskirts, an area of 245 hectares will be devoted to precision instrument-making. China's first wrist watch factory will be located here. Since 1949 a chemical industry centre has been established on the northwestern outskirts. Bleaching, dyeing, dyestuff-making and saccharine factories have been built here. More new factories, including plants for nylon, pharmaceuticals and special glass for automobiles and aircraft, are scheduled. Most factories in these new districts will be moved from the city proper. Shanghai now accounts for roughly one-fifth of the country's gross industrial production, with 1.4 million factory and office workers.



Tientsin has become China's second large industrial centre. More than 400 factories have been constructed or renovated since 1953. Industrial output this year (handicrafts included) is expected to reach 2,680 million yuan and should exceed that of 1956 by 43%. Compared with 1956 output of the iron and steel industry this year will rise by 32.61%; chemical industry by 22.69%; building materials industry by 22.97%; and rubber industry by 8.61%. Investment on capital construction in 1957 will exceed 75 million yuan. 46.4% of the investment will go to industry; 15.2% to public utilities; 14% to education and hygiene and 3.4% to transportation and communications. Housing built during the past 8 years totalled 5.6 million square metres.

**Bridge, Railroad, Highway & Wharf**—The 1,670-metre, double-deck Yangtze River Bridge at Wuhan (Wuchang and Hankow) has just been completed. Road surfacing of the six-lane highway on the upper deck was finished early in September and the lower ramp of the bridge for rail traffic was completed in August. Construction work began in July 1955. The 682.5-metre bridge spanning the Yellow River along the Paotow-Lanchow Railway will be completed next March. It is located at about 300 kilometres to the west of Paotow and will be the biggest of the three across the Yellow River.

Peking claimed that during the first 5-year plan period ending this year, over 9,000 kilometres of railway lines have been built or restored. Surveying for the projected Sian-Hankow Railway has been completed. This 800-kilometre railway will meet the projected Hupeh-Kiangsi Railway at Hankow and together form a main railway artery linking Northwest and Southeast. According to the Minister of Railways electrification will be introduced on China's railways in the second five-year plan, starting from next year. The newly-built Paochi-Chengtu, the Peking-Paotow and the Tatung-Paotow lines will be electrified first.

A new 1,200-kilometre motor road from Southwestern Sinkiang to the border town of Gartok in Western Tibet is nearing completion. This road skirts the western border of China all along its length. During the past 5 years China completed 130,000 kilometres of highways according to a recent Peking report.

Shanghai is enlarging its port facilities. The Weisan (Wayside) Wharf after expansion will be able to accommodate three 5,000-ton merchant ships at a time and handle 400,000 tons of cargo more than at present annually. The project is mapped out in expectation of increased freight transport in the second five-year plan period. In 1962, the last year of the second five-year plan, the volume of freight through Shanghai is expected to be 60% higher than at present.

**Transport Equipment**—The No. 1 Motor Car Plant in Changchun will build passenger cars during the second five-year plan. The automobile will be designed after models of other countries. This plant will also manufacture five different types of lorries in addition to the four-ton "Liberation" lorry now in production. The design for one of these, a medium type lorry weighing half a ton less than the Liberation lorry but with the same load carrying capacity of four tons, has been completed. The other four types will include a five-ton medium size lorry, two long distance lorries for rough roads, and a self-dumping truck. Peking claimed that since 1953, China has built 446 steam locomotives. One of the types built has automatic stoking and various safety devices. It has a haulage 80% greater

than the engines in general use at present in China. Rolling stock plants have turned out 27,600 waggons, 1,700 passenger coaches, 3,000 crude oil tank cars and 2,200 hopper cars for mineral transport since 1953. The Dairen Shipyard is planning to build 10,000-ton ocean-going vessels. Preparations are being made at the shipyard to build China's first ocean-going cargo vessel of 13,400-ton deadweight capacity. Actual construction is expected to begin next May. It will be a turbine steamer with a speed of 19 knots. The 58-year-old Dairen shipyard has turned out 870 vessels of various types during the past ten years, all of them under 5,000 tons.

**Power Stations**—The first 25,000-kilowatt turbo-generator of the new Wuhan Heat and Power Plant went into operation recently. It has increased by 50% the total power generating capacity of this industrial centre. Equipped with Soviet-made machinery, the plant will have a capacity of 212,000 kilowatts when it goes into full operation by the end of next year. This is the seventh heat and power plant completed since 1953. At present, over 50 large and medium power stations are under construction in China.

**Coal Mining**—Peking disclosed that 102 coal shafts were sunk last year with a capacity of 46.15 million tons per year. This year the capacity would increase by another 11.9 million tons. Total output is expected to reach 120 million tons this year as against 30.98 million tons in 1949. New deposits containing more than 10,500 million tons of coal have been located since 1953. All nine new coal centres were being opened up in the current five-year plan, mostly in Central, Northwest and Southwest China.

**Iron Ore**—Iron ore reserves of 3,600 million tons have been located since 1953, enough for a production of at least 20 million tons of pig iron annually for half a century. New deposits found in Northeast China guarantee supplies for the Anshan iron and steel centre for 70 years, at a production capacity of four million tons of pig iron, and for the Penki steel centre at a rate of one million tons of pig iron annually for 92 years. Deposits already discovered in Inner Mongolia are capable of feeding the new Paotow Iron and Steel Complex now under construction with enough raw material for half a century figuring it at an annual output of 4.5 million tons of pig iron. In Central China, the New Wuhan Iron and Steel Complex now under construction has been fairly well assured of supplies for the first stage in its development when it will turn out 1.5 million tons of pig iron a year. Deposits located in the Kilien Mountains of Northwest China warrant the maintenance of a new iron and steel centre in the area with an annual capacity of 1.5 million tons of pig iron for 50 years. The iron ore of Hainan Island and Eastern Kwangtung Province will in future supply open-hearth furnaces wherever it is needed and will also be exported. Other big deposits of iron ore newly discovered are in Szechwan and Hupeh. They are enough to warrant setting up new iron and steel centres in these provinces. Total known reserves of iron ore deposits in China are estimated, at present calculations, at 11,000 million tons, according to the Geological Bureau of the State Planning Commission.

**Overseas Chinese Investment**—Peking has promulgated regulations governing overseas Chinese investments. According to the regulations, overseas Chinese will retain ownership of their capital after socialism is built up in China. An annual interest of 8% on their shares will be paid and 50% of annual dividends can be sent abroad. Investors can withdraw their capital after 12 years. The regulations also apply to Hongkong and Macao Chinese.



## JAPAN'S TOY INDUSTRY

Japan increased its exports of metal toys by five times over the past five years and sold more than ¥10,000 million worth last year, principally to the United States and Canada. In 1952, exports were valued at ¥2,071,365,000; they shot up to ¥10,803,134,000 by last year. The 1956 figure, which is high for the postwar period, is phenomenal also when viewed in light of the fact that most nations, with the exception of the U.S., Canada, and a few South American countries, severely restrict the import of Japanese toys. Exporters in the field feel that further growth of toy exports would be extremely difficult unless the trade bans on this Japanese product are lifted. Japan's closest competitor is Germany and the best customers are the U.S. and Canada, which appreciate the ingenuity of the Japanese toymakers.

Japanese exports of metal toys have a long history, starting from about 1887. At first they consisted mostly of small stationary toys such as rattles, whistles and clocks. But when new techniques were imported from Europe and especially from Germany, Japan began to produce mechanical toys equipped with springs. In 1937, when ¥13 million worth of toys were sold abroad, the Government designated them one of the vital export commodities of Japan. Exports dwindled the following year, however, since manufacturers converted to munitions production following the outbreak of the China incident.

Toy exports were resumed following the end of World War II. Although hampered by shortages of materials, toy makers were overjoyed to discover that whatever they made sold well. The favorable dollar exchange rate was partly responsible. As the overseas markets regained stability, claims were made against defective Japanese products and the value of exports dropped to ¥1,600 million. This situation arose from the fact that every toy manufacturer tried to share in the popularity of a single product—the walking bear—which became a great hit in America. Prices fell as a result. Quality also deteriorated and led to big claims against certain manufacturers thus destroying confidence in all Japanese metal toys. Both Government and toy makers were alarmed over this situation. Toys were thus placed under the Law Regulating Export Commodities from the standpoint that defective products must not be exported. Together with the enactment of export standards, regular inspections were enforced.

As a result of Japan's efforts to export quality products, foreign sales grew steadily and reached the phenomenal value of approximately ¥10,000 million in 1956. Principal countries which produce metal toys, mechanical toys and motor toys are Japan, Germany, Britain and the United States. Japan and Germany are able to manufacture sufficient quantities for export but the United States is incapable of meeting its demand and, therefore, buys from these two countries.

Japan's metal toys belong in the low-cost medium class when compared with those of its closest competitor, Germany; but they rank first in abundance of ideas. Every year new types of toys are manufactured. Only in extremely rare few cases are the same products exported over a long period of time. In Germany, however, different factories make distinctive products of their own and sell the same items for a long time. The United States produces mostly mechanical toys of large size (for example, a plastic

body inside of which a machine is installed) and depends on imports for comparatively small-sized items.

Since a wealth of new and ingenious ideas are incorporated into Japanese toys manufacturers are faced with the problem of continually making new types. Not all of them suit the buyers abroad. Demand runs to about 50 per cent, 20 per cent of which is really desired. Manufacturers thus experience much difficulty in respect to new models becoming outmoded. Foreign buyers always demand low prices, and when one manufacturer lowers his price, it affects the entire industry and results in a vicious circle in which buyers are soon unable to handle any product with an easy mind. For example, a buyer, satisfied with its idea and quality, purchases a certain toy from a manufacturer. The first shipment reaches him safely and is distributed to retailers who report that the toys are big success. The buyer thereupon orders a second shipment. About the time it arrives, another buyer has already imported the same item at a cheaper price and put it on sale. The first buyer will suffer an immense loss and he will no longer feel confident of making future purchases. In this respect, German manufacturers are in a more advantageous position.

Types of toys exported in the postwar years have changed from simple items using spring winding mechanisms (immediately after the end of the war) to metal animal toys covered with a cloth (1951) to vehicular self-powered toys, such as automobiles and airplanes, run by inertia (from 1952 up to the middle of 1954). Value of exports has risen steadily through these years and still remains on a high level at the present time. Since these self-powered toys are not produced by Germany, this field is left entirely to Japan. And because these Japanese toys have an extremely good reputation, there has been a spectacular increase in exports. From about the middle of 1954 electrically powered toys (a motor powered by dry cells) began to be exported. These won high praise both in respect to price and quality and their sales abroad now match those of the self-powered toys. In electrically powered toys, the motor is the main component. Excellent small motors can be produced cheaply in Japan, and since their manufacture requires delicate processes, such as soldering, this work is well suited to the Japanese who are blessed with dexterous fingers.

The majority of the metal toy manufacturers are concentrated in Tokyo with the rest in Osaka. Most of the factories are on a small scale employing about 30 workers on the average. Much of the work is done by hand since the system of sub-contracting is utilized to the fullest extent. As far as supply is concerned, it is believed that there is still plenty of leeway, but domestic demand has levelled off for the time being. Thus, any increase in demand hereafter will have to be in the foreign markets. Depending on the industry's effort, a big gain in exports is possible. Last year the ratio of exports to domestic demand was estimated at approximately 85 per cent to 15 per cent, most of the toys being sold to the United States and Canada. It would thus not be an overstatement to describe the industry as being dependent on exports. Since the Japanese toy industry is heavily dependent on the United States market, the slightest changes in business conditions there affect exports. With the exception of the United States, Canada and a few countries in South America, all other nations restrict imports of Japanese toys. Unless



# FOREIGN ECONOMIC AID TO THE PHILIPPINES

By Julian D. Mercado and Jose V. Gragasin\*

In almost a half-century of association with the United States the Philippines has established an economy primarily dependent on the artificial support of the United States market. For this reason, economic and commercial factors have always exerted a dominant influence in directing the course of the country's relations with the United States, particularly in the postwar years when it became independent.

Prior to World War II and in anticipation of independence after a transition period of ten years, the Philippines embarked on a bold economic program calculated to achieve a more balanced economic development. A number of government corporations, some of which are still existing, have been established to deal with specific problems. The program was well underway and the economy already proceeding toward industrialization when the war broke out, thereby intensifying the country's economic problems all the more.

It is the purpose of this paper to review the decade immediately following the war, particularly with respect to the volume and type of external assistance received and to present tentative suggestions on how we can accelerate the inflow of the foreign aid<sup>1</sup> and put it to effective use.

## Postwar Relief and Assistance

The Philippines emerged from the last war with incalculable damages to property and heavy losses to human lives. The war left in its wake the ugliest psychological and physical scars to a country struggling toward political independence. Aside from the staggering problem of reconstruction and economic rehabilitation, the country had to face the immediate needs for more food, shelter and clothing to countless number of families in cities, towns and villages. This compelled the Philippine Government to request relief from the United States.

1. United Nations Relief and Rehabilitation Administration.<sup>2</sup> In answer to a request from President Osmena, the United Nations Relief and Rehabilitation Administration (UNRRA) on September 14, 1955, delivered an initial shipment of foodstuffs, medical supplies, and contributed used

clothing in the devastated areas. This was followed by a second shipment two weeks later. Three instances in which the UNRRA appropriated a total of \$10 million for relief work were as follows: \$2 million on November 30, 1945; \$3 million in March 1946; and \$5 million in August 1946.

The UNRRA relief goods in a large measure mitigated the sufferings of the Filipinos during the three and a half years of Japanese occupation in which period food production was almost at a standstill and the country was isolated from the outside world. Consequently, replacement of wornout clothing and shortages of other essential commodities such as medical supplies created a pressing problem which required immediate attention.

2. Philippine Rehabilitation Act of 1946 and the Philippine Trade Act of 1946.<sup>3</sup> Subsequent to the liberation, attention shifted from immediate problems of relief to questions of reconstruction and rehabilitation requiring long-range planning. In fact, even long before victory was in sight, the need for rehabilitating the Philippines had already been foreseen. In June 1945, a special United States investigating committee was sent to the Philippines to estimate our losses and to prepare recommendations on the handling of claims.

The investigation showed that total losses to property in the Philippines was approximately \$800 million, broken down as follows:

Public property .....	\$195,347,595
Catholic property .....	125,000,000
Other church property .....	14,000,000
Private property (including automobiles) .....	464,420,000
<b>Total .....</b>	<b>\$798,767,595</b>

These findings, together with the condition that the Philippines accept the Philippine Trade Act of 1946 (otherwise known as the Bell Trade Act), culminated in the passage by the United States Congress of the act establishing the Philippine War Damage Commission which was authorized to compensate for war losses incurred from December 7, 1941 to October 1, 1945. A total of \$400 million was authorized for compensation for private parties. For assistance in reconstruction, a maximum of \$100 million worth of surplus property was to be transferred to the Commonwealth Government without compensation. In addition, the sum of \$120 million was authorized for allocation to various agencies to restore and improve public property and essential public services.

While the Act provided for payment on claims over \$500 up to 75 per cent of the total, prorated allowances reached only 30 per cent of such claims up to 1950 and the balance of available funds provided only an additional 15 per cent or a total of 45 percent. To cover up the difference, a bill was introduced in the United States Congress to provide an additional sum of \$100 million, but the Bell Economic Survey Mission in its report in 1950 opposed this measure on the ground that any further appropriations could be better spent on direct project aid rather than on compensation for individuals or corporations.

\* Ibid. pp. 46-53.

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<sup>1</sup> Economic aid as used here consists of unilateral transfers, loans and technical assistance.

<sup>2</sup> Shirley Jenkins. American economic policy toward the Philippines. p.p. 44-45.

steps are taken to have these restrictions eased, it will be difficult to increase exports to any great extent.

Exports of Metal Toys  
(Unit: ₱1,000)

1952 .....	2,071,365
1953 .....	3,684,323
1954 .....	5,404,869
1955 .....	8,153,056
1956 .....	10,803,134

Note: A breakdown of the export figures for 1956 is as follows:

Spring winding toys .....	1,470,197
Electrically powered toys .....	3,142,213
Self-powered toys .....	4,366,231
Other toys .....	1,824,493
<b>Total .....</b>	<b>10,803,134</b>



Although the Bell Trade Act contained many restrictive provisions, it was a necessary measure at the time in hastening Philippines postwar economic revival which depended largely on the restoration of trade with the United States and the stimulation of American investment. The Bell Trade Act provided the continuity of the preferential trade arrangement.

3. Surplus of war materials. Another phase of the rehabilitation program was the transfer of surplus properties to the Philippine Government. This represents the stocks of supplies, materials and equipment left by the Armed Forces of the United States after the cessation of hostilities in the Pacific Area. A Surplus Property Commission which was created took charge of disposing an estimated \$650 million worth of movable surplus goods and \$55 million of fixed installations (at procurement cost), with a write-off value of \$100 million. Of this amount, roughly \$300 million (at procurement cost) was reported lost through pilferage and looting; and the final amount realized by the Government reached only \$80 million or P160 million.<sup>†</sup> At any rate, this sum has served to augment the funds of the Rehabilitation Finance Corporation and the National Treasury.

#### Loans from the United States Government

Because of the budgetary requirements of expanding essential public services which could not be met from taxation and domestic borrowing, the Philippine Government had to turn to the United States for budgetary loans of approximately P800 million to cover the requirements of fiscal years 1947-1951 and to the Export-Import Bank for loans of about P500 million to finance economic development. The Joint Philippine-American Finance Commission considered this problem with great care. In its report, it pointed out that it was clearly unwise and unnecessary for the Philippine Government to continue to borrow United States dollar to meet its peso needs. Since the Philippines was still on a 100 per cent reserve system, the dollars borrowed were not spent; they were deposited in the United States Treasury to back up the equivalent amount of pesos issued and spent locally. Such dollars deposited in the United States Treasury were spent only when the Philippines made imports and other disbursements abroad. But the Philippines at the time was holding large dollar balances which were more than adequate to cover any payments for imports or other expenditures abroad in excess of its current dollar receipts. For this reason, the Commission recommended the adoption of a managed monetary system which will permit the expansion of the money supply to meet the legitimate needs of the Government, as well as of those of industry, agriculture and commerce.

Considering the time within which the basic monetary and central banking legislation can be prepared and the managed currency system set up under a monetary authority with adequate safeguards and controls, the Commission recommended that, if taxation and domestic borrowing should fail to raise the necessary funds to meet budgetary needs, the Philippine Government can meet the deficiency through limited issues of Treasury certificates in excess of its dollar and silver reserves. To preserve the 100 per cent reserve system, the Commission further recommended that the United States Exchange Stabilization Fund, in effect, guarantee the convertibility of the issue into dollars by entering into an agreement with the Philippine Government to buy pesos with United States dollar under certain conditions. Under this special arrangement, the public was assured of the soundness of its currency because the agreement will set an upper limit to the amount of the guaranteed issue. Thus the Philippine Government was assured of

avoiding additional dollar loans for budgetary purposes from the United States and the payment of interest on such loans.

1. Budgetary loan from the United States Reconstruction Finance Corporation. Notwithstanding this special arrangement, however, the Philippine Government had to turn to the United States Reconstruction Finance Corporation for a budgetary loan of \$60 million in 1947 to cover the deficit which could not be met by tax collections and domestic borrowing. The sum was to be paid in two small installments in 1952 and 1953, but because of the difficulties in the country's balance of payments, it was arranged that repayment of the loan was to be made in twenty equal semi-annual installments, payable on January 1 and July of each year until July 1961, at 2½ per cent on the outstanding balance of the principal.

The loan has undoubtedly improved the position of the treasury and has served to stave off what might have been a serious financial panic during periods of low tax revenues, although its inflationary effects gave rise to tremendous pressures on the balance of payments.

2. Loans under the Romulo-Snyder Agreement.\* The pressing need to provide adequate funds for increasing essential public services compelled the Philippine Government to negotiate additional loans from the United States Government. Under the terms of the agreement by and between Ambassador Carlos Romulo and United States Secretary of the Treasury, John W. Snyder, the peso deposits held by the Philippine Army in the Philippine National Bank for the United States Government, amounting to almost \$35 million, were to be utilized by the Philippine Government. The amount was to be reverted to the United States Government under the terms of the agreement on the use of these funds, but the Philippine Government placed a counter claim which in effect prevented the Philippine Army from carrying out the original agreement and to repay this amount in periodic installments with interest.

3. Dollar loans from the Export-Import Bank. The inability of the Philippine economy to earn the needed foreign exchange for import payments of essential consumer and capital goods during the postwar years as shown by the persistent deficit in its balance of payments, necessitated the Philippine Government to borrow from the Export-Import Bank for loans to finance worthwhile economic development projects. In 1953, the Central Bank was able to arrange a \$25 million overdraft line, of which \$20 million was utilized for capital goods required to complete the Ambuklao Hydroelectric project and the balance for the financing of other industrial projects of high priority ratings.

Toward the close of 1956, an additional credit line of \$65 million was extended by the Export-Import Bank. This amount is to be made available mainly for the development of the Binga Project and the balance to finance the dollar costs of capital goods needed by projects to be undertaken by the private sector and approved by the Philippine Government. In this way, the Philippines can proceed with its industrialization program without a further drain on its international reserve.

#### Quirino-Foster Agreement

Economic and financial conditions worsened in 1950 and the balance of payments registered mounting deficits. As a result, President Quirino made a request for an economic survey commission from the United States in order to consider the economic and financial problems of the country under legal, economic, and institutional agreements. The

<sup>†</sup> 1950. Report to the President of the United States by the Bell Economic Survey Mission. October 9, 1950. p. 75.

\* Ibid, p. 76. See also: 1953. Central Bank of the Philippines Third Annual Report (1952). Chapter on Securities Marketing and Other Credit Operations Abroad.



Bell Mission arrived in the middle of 1950 and immediately undertook an exhaustive survey of the country.

1. Objectives. By October 9, 1950, the American Mission submitted its report which presented a complete analysis of the nature and magnitude of the problems then obtaining, as well as the proposed measures for their solution. The report provided the basis for the Quirino-Foster Agreement in which the United States committed to extend a loan to the Philippines in the amount of \$250 million over a period of five years. The loan was intended to cover the dollar requirements of highly productive projects designed to promote the economic development program. The Philippine Government was required to set up a peso counterpart fund corresponding to the value of dollar grants budgeted. This was, however, on condition that the Philippine Government pass a minimum wage law and other vital tax measures to put the budget in balance. An exchange tax on the use of foreign exchange to curtail luxury and non-essential imports in order to minimize pressures on the balance of payments was also required. All these laws were duly passed by Congress subsequent to the Agreement.

The administration of the mutual assistance program embodied in the Quirino-Foster Agreement gave rise to the establishment of the Economic Cooperation Administration (ECA) in Manila. This office is presently working closely with agencies of the Philippine Government for the proper disposition of the assistance program.

2. Implementation of the agreement. While the Quirino-Foster Agreement provided that the Philippines was to receive \$250 million in grants and aid from the United States for a period of five years (from 1951 to 1956), the total authorizations amounted to only about \$147.6 million in this period. Of this amount, \$62.3 million represented the cost of commodities; about \$13.5 million was for technical services; and \$23.4 million was extended as additional aid to various industries. It will be further observed that only \$93.1 million of the total authorizations represent contracted amounts of which about \$88.9 million has already arrived as shown in the appendix.

It should be pointed out that, of the total grants and aid received from the United States during the last five years, only 2.23 per cent was for the development of industry and mining, while agriculture shared as high as 19.85 per cent; transportation, communications and other public works, 16.86 per cent; technical assistance, 11.64 per cent; health and education, 13.0 per cent; additional aid to industries, 20.13 per cent; and general commodities, 14.76 per cent.

On the other hand, the Philippine Government in compliance with the provisions of the agreement has appropriated up to December 31, 1956, the total sum of P287.2 million to cover peso costs of projects being undertaken pursuant to the agreement.\*

The limited inflow of dollar aid and grants which have fallen far short of the agreed amount of \$250 million over the five-year period ending 1956, has stirred a nationalistic movement in some quarters and in both houses of Congress. The move seems to press for a reexamination of the Agreement, particularly with respect to the:

- (a) type of grants and aid received,
- (b) form of technical assistance to be provided,
- (c) emphasis and direction with which the aid and grants are applied; and
- (d) final selection and approval of the types of goods and services received.

3. Accomplishments. While it is true that the provisions of the Quirino-Foster Agreement have not been carried out fully by the United States Government, it can-

not be denied that the aid and grants received have contributed considerably by way of improving the educational and training facilities in the Philippines, including public administration, the improvements of rural living conditions and stimulating industrial development. Assistance has also been provided in the construction of highways, opening up of new areas for settlement and bringing down transportation costs from rural areas to market centers. The University of the Philippines has likewise been enabled to expand and strengthen its programs in the fields of agriculture, business administration, engineering and education by entering into contracts with some universities in the United States. It should be realized that contracts in the field of public administration have increased the efficiency of the Philippine Government in such fields as fiscal and accounting management, land title clearance and personnel practices.

Another important aspect of the joint United States-Philippine program is the provision for construction of irrigation pumps, water supply projects, organization of farmers' cooperatives, rural health units and agricultural extension.

Such joint aid program has also created an Industrial Development Center which provides financial and technical assistance in the establishment of new industries in the Philippines and guidance to improve the operating efficiency of existing industries. This office makes available both local currency and dollar financing to new and expanding industries. For the two years ending December 31, 1956 the Industrial Development Center has been in existence, it has granted dollar aid aggregating \$27 million and peso time deposits by almost \$23 million to various types of industries. This resulted in increased production by about P126 million; dollar saving by almost \$25 million; dollar earning to the extent of \$22 million; and increase in employment of about 11,000 people.\*

#### Summary and Conclusions

From the foregoing discussion, it should be fairly clear that external economic assistance to the Philippines played a vital role particularly in the early postwar years when the country was groping toward independence and operating on a budgetary deficit. It should also be pointed out that outside assistance enabled the Philippines to finance the dollar costs of capital goods and essential services for economic development.

Although the terms of the Quirino-Foster Agreement were not fully implemented, it cannot be denied that the aid and grants received, no matter how small they may be, contributed to our internal development. That the aid and grants have been received in limited amounts may be due to the fact that the United States feels that larger volumes of aid are not yet within the present capacity of the Philippine economy to absorb. While a country like ours has the capacity to absorb foreign aid for current consumption in unlimited quantities, there are definite limits to absorptive capacity if the aid is to be applied to capital formation. These stem from lack of various overhead facilities and technical know-how in the early stages of development. In underdeveloped countries, such as the Philippines, mobility of resources is impeded by lack of transport, housing and public utilities of all kinds. The development of various types of industries and expanding essential public services will call for highly trained personnel in various fields. All these take time and present a real limit, especially in the early stage of development, to the rate at which foreign aid can be effectively utilized for capital formation.

\* See Appendix.

\* Source: Industrial Development Center.



APPENDIX

Abstract of dollar and peso financing for ICA-NEC projects as of December 31, 1956

(Thousand pesos)

	Dollar					Peso Allocation				
	Allocation	% to Total	Arrival	% to Total	Counterpart Funds	General Funds	Total	% to Total	Peso Expenditures	% to Total
	\$147,586	100.0	\$116,469	100.0	P170,865	P116,374	P287,239	100.0	P235,513	100.00
1. Agriculture, Forestry & Fisheries .....	26,342	17.85	23,120	19.85	59,249	33,502	92,751	32.29	82,189	34.89
2. Manufacturing, Mining & Other Industries .....	4,320	2.92	2,597	2.23	13,133	2,205	15,338	5.3	13,682	5.809
3. Transportation, Communications & Other Public Works .....	26,922	18.24	19,632	16.86	38,515	31,532	70,047	24.3	58,084	24.66
4. Public Health .....	12,283	8.39	10,208	8.76	6,082	17,447	23,529	8.19	18,159	7.71
5. Education and Social Welfare .....	5,451	3.69	4,983	4.28	11,005	11,980	22,985	8.0	20,114	8.54
6. Public Administration & Other Surveys .....	1,009	0.68	806	0.69	13,398	13,877	27,275	9.49	18,202	7.72
7. Community Development and Misc. Code .....	1,451	0.98	933	0.80	3,318	5,831	9,149	3.18	4,859	2.06
Total for Projects—	\$77,778	52.70	\$ 62,279	53.47	P144,697	P116,374	P261,374	90.88	P215,289	91.41
Technical Assistance ....	18,612	12.61	13,554	11.64	15,760	—	5,760	5.48	12,160	5.16
Type A .....	4,107		2,897		3,918		3,918		3,118	
Type B .....	8,650		7,014		11,842		11,842		9,042	
Type C .....	5,855		3,643		*		*		*	
5% Adm. Expense, ICA Mission—	—		—		10,408	—	10,408	3.62	8,064	3.42
General Commodities—	18,898	12.80	17,191	14.76	—	—	—	—	—	—
Additional Aid to Industries:										
Philippine Special Program .....	\$ 5,688		\$ 4,535							
Philippine Special Account .....	26,610		18,910							
	\$ 32,298	21.89	\$ 23,445	20.13	—	—	—	—	—	—

— Peso support included in budget of each project.

HONGKONG NOTES AND REPORTS

**Illicit Immigration**—Two fishing vessels coming here from Macau loaded with illegal immigrants capsized amidst a recent storm; more than 30 persons including women and children lost their lives. During the same storm, another small boat reached here safely from China with 20 escapees including 6 Communist cadres who carried with them safe-conduct passes to Taiwan which were dropped by Nationalist Chinese planes during mainland raids. Thus, in spite of strict immigration restriction by Government, increasing numbers of Chinese workers, intellectuals as well as cadres are coming here in search for freedom, often at the risk of their lives.

On August 15, Government announced new immigration procedures under which residents of HK or Macau are admitted only if they are in possession of a HK Identity Card or a Macau Police Identity Card issued at least 6 months before the time of travel. Formerly, bona fide Chinese residents of HK and Macau were permitted free entry or re-entry to HK outside any quota and possession of an identity card issued by either territory was considered as presumptive evidence of bona-fide residence. However many people entering Macau from China proceeded to HK immediately after securing Police Identity Cards with no intention of returning to Macau. The new restriction now emboldened operators in Macau with their collaborators in

HK to charge prospective illegal immigrants a higher price (\$500 instead of \$300) per head for safe landing in HK; most victims are willing to pay the extra \$200 which is much cheaper than the expense for staying in Macau for six months.

To people on the mainland, with the exception of those who are among the top group of the ruling class, HK is the nearest dreamland where they can enjoy the freedom of living a humble life without worrying about politics and of hoping for a better future without being penalised for what they were in the past. Many who settled here became naturalised British subjects which is a privilege most Chinese here wish to enjoy.

Since 1946, thousands of people wanted to be naturalised but only 1,344 had qualifications to apply for naturalisation and out of this figure, only 900 have become naturalised British subjects, and were thus delivered from the uncertainty which faces a stateless Chinese.

**The Refugee Problem**—HK's refugee problem has attracted new interest. In Geneva, the 12th Plenary Assembly of the World Federation of United Nations Associations (WFUNA) on September 7th approved a resolution affirming that the plight of the 700,000 Chinese refugees in HK is, on humanitarian grounds, a matter of international concern and that WFUNA would appeal to the UN 12th General



Assembly to bring the Chinese refugees in HK within the mandate of the UN High Commissioner for Refugees' future activities while at the same time providing the High Commissioner with a fund of US\$100 million. This was the pious suggestion of the HK United Nations Association. Government remained quiet and no efforts through government agencies have been made to obtain aid for HK's refugees. The official position has always been that financial assistance from any source would be welcomed provided no strings were attached. HK has spent at least US\$60 million for refugees during the past several years. At present, new resettlement buildings at Tai Wan Hill, Shek Kip Mei, Lo Fu Ngam cost about HK\$10 million and the project at Wong Tai Sin will cost about HK\$26.3 million for the first 2 stages. The cost has been borne by Hongkong.

However, in spite of HK's efforts to help these refugees, Peking recently protested to London against the tearing down of squatter huts in the Wong Tai Sin area for the building of resettlement blocks. According to government plans, 7,000 people in the Wong Tai Sin area will be housed in Shek Kip Mei resettlement estate or in the new buildings at Wong Tai Sin; the latter will remain where they are until the accommodation is available. Government has also paid compensations to people who are moved to Shek Kip Mei. Some of the petty landlords involved in the removal are demanding unreasonable sums from Government and it seems that Peking is actually protecting their interests! Peking People's Daily commented, "The Chinese Government cannot allow the traditional rights and interests and the peaceful lives of the Chinese inhabitants of HK and Kowloon to be violated without question." The fact however is that most of the people in Wong Tai Sin area are refugees from China who fled here after Communists had upset their peaceful lives on the mainland. They live in squatter huts and one-room brick houses without running water and flush toilets. Most refugees welcome the government project because living condition in new resettlement blocks is far better.

**Smuggling**—Canton has reverted to the mass trial method to discourage smuggling activities. At a meeting held recently in Canton attended by over 12,000 persons, 6 smugglers were sentenced to prison terms varying from 6 months to 8 years. The victim who got 8 years had, during 1956/57, travelled between HK and Canton more than 10 times and on each and every journey from HK to Canton, he brought with him HK\$100 worth of goods mostly consumer items. Another smuggler sneaked HK\$2,800 worth of watches last February to Canton but he got only 6 months because he had confessed and helped authorities there to track down a fellow smuggler. Shortly after the mass trial, Canton mobilized about 1,500 soldiers to search every person along the waterfront. About 650 people were arrested because they failed to account for the foreign goods they were carrying. Authorities in Canton recently urged visitors from HK to refrain from selling their personal articles to their friends.

The Kwangtung provincial authorities claimed that they had recently cracked down on three HK-Macau-Canton smuggling rings! One of the rings was led by two agents who had the backing of a Communist cadre. This ring had smuggled diamonds and wrist watches to Canton and operated a blackmarket remittance set-up. A second ring dealt exclusively in smuggling diamonds, watches and wristbands into Canton while the third ring was controlled by Taiwan agents.

Nevertheless, local residents who have families and relatives on the mainland still receive letters from China asking them to send back by any possible method imported articles including pen-nibs, shirts, medicines, woollen goods,

and an endless list of common daily necessities. According to a report from Canton, the amount of smuggled goods confiscated in 1956 by the Canton Customs was equivalent in value to the cost of 1,290 five-ton trucks! Among the goods confiscated were said by the Customs to have been 1,200,000 wrist-watches. The amount which passed through is anybody's guess.

Several other countries also traced smuggling activities to HK. In Tokyo, Police recently uncovered the biggest postwar wrist watch smuggling ring which had smuggled 60,000 watches (worth US\$278,000) into Japan from HK since last August. In Manila, customs officials recently opened three travelling bags from HK and found 200 men's watches and 108 dozen watch bands valued at US\$8,000 concealed in towels, leather jackets and handkerchiefs. The Philippine Customs recently discovered a racket which had been bringing into Manila commercial cargo in the guise of personal effects from HK thus defrauding the Philippine government of revenues estimated at almost US\$2.5 million a year.

During the first seven months this year imports from Switzerland totalled HK\$117 million as compared with \$75 m during the same period last year; consignments of watches constituted about 90% of the imports. Government statistics also show that import of watches from various countries this year was \$50 m more than last year but there was no corresponding increase in reexport of this item reflecting the active smuggling of watches from here to China, Japan and other territories.

**Adverse Trade Balance**—At the recent meeting of the Trade and Industry Advisory Committee, the representative of the HK General Chamber of Commerce expressed the Chamber's concern at the Colony's adverse trade balance for the first six months this year. Taking government statistics at their face value, the increase this year is alarming: from \$673 m during Jan./June 1956 to \$1,123 m during the first six months this year. Actually, the situation is not much worse than last year. The sharp rise in imports this year was due to (1) the arrival of metals and other merchandise from Europe and UK which should have reached here last year but delayed by Suez blockade; (2) the rush of consignments by US, UK, European and other western manufacturers to HK before the May 1st freight hike; and (3) the unexpected arrival, during May and June after re-opening of Suez Canal, of shipments originally scheduled for second half 1957.

The basic principle which governs imports is that local importers would not have booked commodities from UK, US, Japan and other countries if there was no demand for it. In fact, on account of the uncertain demand from SE Asia during the first half year, most importers have already curtailed the booking of supplies from various sources since July. Furthermore, government statistics do not include mail order exports and invisible exports which have much increased this year. Heavy remittance reached here from overseas Chinese during the first six months (more during the past three months) plus Sterling spent by British Forces here and US dollars by tourists (including US forces visiting HK) as well as earnings from banking, shipping and other services far exceed the deficit during the same period.

With a bursting population consuming more foreign goods and the booming building industry using more imported equipment and materials, HK's deficit may grow. But there should be no cause for alarm at least for the next year or two. Invisible exports will continue especially with more tourists coming here while overseas Chinese especially those in SE Asia will continue to send their money to HK for safe-keeping and investment.



**Hongkong's Finances**—The annual report of the Accountant-General for 1956/57 discloses assets of \$698.6 million and liabilities of \$340.5 m. The accumulated surplus in General Revenue Balance as at March 31, 1957 was \$358.2 m, an increase of \$46.7 m over that for March 31, 1956. For the first time, revenue passed the \$500 m mark and reached \$509.6 m which is \$59.7 m higher than the approved estimate and \$54.9 m more than the actual collections during the previous year. The rise in revenue since the reoccupation has been continuous. For the 11 months of 1946/47 the revenue totalled \$82 m. Next year it doubled to nearly \$164.3 m, in 1950/51 reached \$291.7 m, and in 1954/55 rose to \$400 m. Land sales in 1956/57 were \$4.9 m over estimates; revenue from lands, rents, etc. exceeded estimates by \$5.26 m. Expenditure amounted to \$469.5 m, \$23.7 lower than estimates.

Since the establishment of the local Loans Fund, 9 interest-free loans amounting to over \$5 million had been issued and a further 36 loans totalling \$8.3 m approved. The Colony's public debt was \$72.9 m of which \$52.3 m is the unredeemed total of 3 loans raised by Government. The Development Fund balance sheet discloses assets totalling \$133.76 m. The net capital cost of the reclamation at Kun Tong as at March 31, 1957, after deducting premia on sales of sites for industrial purposes, amounted to \$455,934. A sum of \$28.5 m was paid out of the Development Fund to finance various housing projects: \$22 m to Housing Authority, \$2.5 m to HK Housing Society, \$4 m to Non-Expatriate Government Officers Housing Cooperative.

**Cross-Harbour Bridge**—Government has reserved an area of land in the Morrison Hill district for a period not exceeding 2 years so that the feasibility of building a cross-harbour bridge linking Kowloon with HK Island can be fully examined. Arrangements have also been made for the Hydraulic Research Laboratory in UK to make a hydrographic survey of the harbour and to report whether the construction of a bridge will adversely affect harbour facilities. Mr. K. B. Allport, manager of Harriman Realty Company, who is one of the strong and persistent advocates of a bridge, said that the promotion of a cross-harbour bridge would be undertaken by a new development enterprise to be organised by his company. This new company will be charged initially with the duty of carrying out a detailed survey and Messrs. Scott, Wilson and Kirkpatrick and Partners will be appointed as consulting engineers for the project. Mr. Allport said that one of the main problems to be solved was the foundations of the piers and in this connection it was hoped that the engineers will be able to commence borings in the harbour bed later this year. The cross-harbour bridge proposed by Mr. Allport last year will have two decks, 5 spans and will cost about \$152 million.

Government, however, pointed out that the purpose of the reservation of the land in Morrison Hill was solely to ensure that any scheme for a bridge with its Island terminal in this area would not be made impracticable owing to lack of land but this should not be taken as carrying with it Government's approval of the proposal that the bridge should be constructed or the adoption of any particular scheme for construction. "Only when all the surveys have been completed will Government be in a position to consider whether the construction of a cross-harbour bridge is an acceptable project," the government spokesman emphasized. The question of land for the Kowloon terminal of a bridge does not present the same problem because development plans in the Chatham Road area are not so far advanced.

Last year, a local paper conducted a poll to find out what the public preferred regarding various methods of crossing the harbour—a tunnel, a bridge, or more ferry

boats. Results: 61.34% of the replies favoured more ferries; 35.42% wanted a bridge; and 3.24% supported the tunnel scheme. On the drawing prepared by the Town Planning Board last year for the development of Hung Hom district in Kowloon there was a "proposed" ferry pier for passengers and vehicles. But according to Mr. Lau Chan-kuok, Managing Director of the HK and Yaumati Ferry Company, Government has not yet informed his company if it intends to build another pier to relieve the present vehicular traffic congestion.

**Kai Tak Airport**—Reclamation work for the new runway at Kai Tak is more than two-thirds completed. This 7,000 feet runway stretching right into Kowloon Bay will be finished by August next year. It will have day and night flying facilities; planes will be able to do instrument landing through Lyemun Pass. Only about 30 years ago, Kai Tak Airport was only a grass field. Those 30 years separate the wooden biplane from the steel turbopropeller airliner and Kai Tak, despite its unfriendly mountains, has kept pace with progress.

In the early days, there were no concrete runways. Neither was there any control tower. During the occupation of HK the Japanese extended the airport perimeter and built two concrete runways but the airfield was in a complete ruin when the British returned in 1945. After rebuilding the runways and gradually improving the facilities, Kai Tak became an efficient and busy airport with a fine record during the past 10 years. However it was realised soon after the war that if it were to remain an international terminal something would have to be done to enlarge the airport.

After considering sites at Deep Bay, at Ping Shan and on Stonecutters Island, aviation experts recommended the development of the existing airport. There was then a lot of discussion about the direction and length of the runways but it was finally decided to abandon the two existing runways and to build a new one out to sea on bearing Thirteen Thirty-one—which is roughly the direction of the present north-south runway. However in order to stretch the land strip into the sea it was necessary to dredge channels through the mud and to fill them with sand before a sound foundation for a seawall could be constructed. Removing of Kowloon Hills which got in the way of aircraft was another challenge. These hills lay on the line of the northern approach to the airport. There were about 2½ million cubic yards of earth and rock to remove and up to the present 75% of the work has been completed. About 2,500 truckloads of stones and mud are now being moved daily from the site of the quickly vanishing hills down to the reclamation by a special access road.

Reclamation work will be finished at end of October, the Kowloon hills excavation about Christmas and the new runway completed by next August. The terminal buildings will cover an area of a 400-foot frontage by 300 feet wide and go up 5 floors with the control tower on top. The lower ground floor will house workshops, garages, air-conditioning plants. Customs and immigration offices as well as restaurants and facilities for sending cables, exchanging money, etc. will be on the ground floor. It will be a terminal building which HK can be proud of.

**Further Progress**—Reclamation at Chai Wan has entered the second stage (1st stage of 16 acres was completed recently). HK Electric Company is building a sub-station there to supply power to industrial concerns already in this area while Public Works Department is extending water supply to this district. About 5 acres of the land already reclaimed will be occupied by timber yards and 10 acres by factories. According to Government plans, this new suburb will also have schools, clinics and community and



institutional service centres. Certain areas will be set aside for residential buildings as well as for resettlement blocks which will house 12,000 persons.

At Kun Tong, 75 industrial sites totalling 1,320,000 square feet have been sold by Government since land sales began last September. Industrialists are now paying about \$13 to \$29 per square foot. Erection of buildings in this area is slow; only a small number of factories have started construction work. China Light is providing adequate power supply to factories there but water supply remains a serious problem delaying developments in this district.

A new industrial centre—similar in size to Kun Tong—will be realised at Gin Drinker's Bay in the New Territories. Part of the bay is now being reclaimed to provide land for factories and housing for workers. Reclamation work started last November. A \$600,000 motor road from Texaco Road to Gin Drinker's Bay is under construction; it will be completed in about 10 months. The new road will be about 4,800 feet long and 18 feet wide; a 5-foot pedestrian path will be constructed along half the length of the new road.

A new typhoon shelter will be constructed off Tsing Yi and Ngar Ying Chau Islands opposite Tsuen Wan. The typhoon shelter will be formed by three break-waters, two measuring 400 feet and 200 feet and running southwest and west respectively from northern and southern ends of Ngar Ying Chau and another measuring 260 feet running E.N.E. from Tsing Yi. This new typhoon shelter is being built because the reclamation of the seabed at Tsuen Wan is depriving many small boats of adequate shelter.

The China Light and Power Company is extending its electricity service to Lantau Island. A cable has been laid from Tsing Lung Tau to the northeastern shore of Lantau. Meanwhile, the Trappist Monastery on the island has installed their own electricity supply. (5-hp water turbine generating 4.05 kilowatts). An engineering experiment, to determine whether it is possible to build a dam capable of impounding some 4,000 million gallons of water, will start soon on Lantau at the mouth of the Shek Pik valley. Investigations show that the valley is suitable for a reservoir but the nature of the sub-soil near the valley mouth—where the dam must be built—is such as to render construction of a conventional type dam expensive. The site designated for the dam is about half a mile from the sea, on ground of which the general height is some 15 feet above sea level. The valley here is about 1,000 feet wide.

On the Central Reclamation, the multi-storey public car park is under construction. It will accommodate 423 cars on three floors. Piling of the proposed City Hall will begin next March; the project will include another 3-tiered car park with accommodation for 190 cars. Between the pier and the praya (road along the waterfront) either an elevated bridge will be built or an underground path. Escalators will be installed at both ends in order to speed the flow of passengers. Work will shortly start on the construction of a covered way leading from the piers to Connaught Road Central. Together with the covered way, a temporary footbridge over Connaught Road will be constructed slightly to the east of the proposed permanent bridge or underground path with escalators.

Work on the central reclamation has entered the third stage. Dredging of the foreshore and seabed along the waterfront between Morrison Street and Rumsey Street is underway. An area of over 262,000 square feet will be reclaimed from the sea when the work is completed early next year. Three seawalls will be constructed to enclose a rectangular area which will be filled in by public dumping of spoil from development projects. The two seawalls opposite Morrison Street and Rumsey Street will be 250 feet

long while the seawall which is to retain the reclamation will be 1,050 feet long.

The \$760,000 swimming pool in the Victoria Park, Causeway Bay, will soon be opened. Fees for the use of the pool are 50 cents for adults and 30 cents for children. The pool opens daily from 6.30 a.m. to 10.30 p.m. This is the first government-built public swimming pool; it is under the management of the Urban Council. The main pool is constructed to meet Olympic requirements and is suitable for large-scale competitions. The dimensions of the pool are 50 metres by 20 metres with depth varying from 5 metres at the deep end to 1.06 metres at the shallow end. There are diving platforms at heights of 10, 7½ and 5 metres. In addition, there are two 3-metre and two 1-metre springboards. For general swimming the pool will be filled with salt water but for competitive swimming, fresh water will be used.

In Kowloon Tsai at Fa Hui (flower market) Government will build a triangular, 9-acre park enclosed by Boundary Street, the railway line and Tat Chee Avenue. It will have gardens, recreation spaces for adults, a children's playground and sport grounds. The project will cost about \$300,000.

**New Gas Mains**—Production of gas at the new Mataukok plant will be increased considerably in about 18 months and in order to extend the supply to HK island, the HK and China Gas Company is planning to construct a cross-harbour twin 4,700-foot mains before next summer. The 10-inch diameter steel mains will be 3/8" thick. The steel tubes will be coated with a bituminous compound followed with a fiber glass cloth wrapping outside of which will be protected by an inch-thick spraying of concrete. A trench will be dredged on the seabed and the mains buried in it.

**Arable Lands**—Arable areas in the Lam Tsuen Valley and in the San Tin-Au Tau foothills have been completely surveyed by Government. Survey is nearing completion of arable areas in the Tai Han Valley and the brackish water paddy areas at Mai Po. Almost all arable soils surveyed were derived from Tai Mo Shan porphyry material, the dominant texture being silt loam and the drainage imperfect. Rice grows well on these soils, yielding two crops per year of 350 catties per "dau chung" (1 catty = 1.33 lbs. and 6 dau chung = 1 acre) at each harvest. In the brackish water areas, however, though the texture of the soils is silty, drainage is very poor and sea water prevents cultivation of the better qualities of rice, consequently only one crop of poor, coarse grain rice can be grown annually though the yield is from 350 to 400 catties per "dau chung". The whole of the Lam Tsuen Valley is filled with boulder fan material and the soils tend to be fairly freely drained with a loam or sandy loam texture. Yields are high where there is sufficient water to feed this thirsty soil and 300 catties per "dau chung" are obtained without the use of balanced fertiliser. Survey of soils in the Tai Tau Yan range and the Castle Peak range has also been completed. The survey of hill soils at Tai Mo Shan is nearing completion. These hill soils are largely rotted rock and in the case of Tai Mo Shan and Tai Tau Yan, the parent rock is Tai Mo Shan porphyry and the resultant soils are dense silty clays which support grass but are in general impenetrable to tree roots except where the soil has slipped and crumbled to form colluvium. The Castle Peak range is a typical eroded granite range where the coarse texture of the parent rock yields a soil on which shallow rooted grasses cannot grow but trees may strike deep enough to reach ground water.

**Primary Education**—Government is working on a massive construction scheme which will give HK another 116 primary schools in the next few years. This will provide 100,000 places for children in the Colony. A total of 48



new primary schools, with accommodation for 27,882 children will be completed before March 31, 1958; 30 of these will be rural schools. During the two years ended September 1956, a total of 57 new schools and extensions to 21 others provided places for almost 30,000 children. From last October up to now 21,821 more children have been accommodated in various new schools and extensions. At present there are places available for 237,615 children. Government will also rebuild the Northcote Training College and increase its enrolment from 100 to 400. By 1959, HK will have 630 teachers coming out of the Northcote and Grantham Training Colleges every year.

In addition to government projects, many primary schools are being built by various associations and private institutions. The new primary school of the Chiu Chow Residents Association has just been completed. It is on Sai Yee Street in Kowloon and has accommodation for 3,000 pupils. The cost of the building is \$800,000.

**October 1st and 10th**—With the approach of October and the memory of October riots last year still fresh in everybody's mind, the HK Police Force is making preparations to maintain particular vigilance and readiness during the first 10 days next month. The Force will be fully mobilized on both Oct. 1st and 10th; the Auxiliaries will be called to reinforce the Regulars. The Army will be standing by on both days.

Government is now paying compensations totalling \$1.45 million in respect of 610 cases of death, injury or loss of property which resulted from the riots in Kowloon and

Tsuen Wan last October. Payments under "major claims in respect of damage to premises and loss of stocks and vehicles" amount to \$1,159,562. Other payments include \$91,900 to dependants of persons killed, \$48,745 to persons injured, \$127,925 in respect of moveable property lost, \$5,610 of premises damaged, and \$21,526 of motor vehicles and cycles damaged. These sums were recommended by a special board appointed by Government to inquire into claims for compensation. In another 168 cases, applicants neglected or refused to make any disclosure of financial assistance received from other sources; Government however is paying 50% of the hypothetical assessments made by the Board to applicants from public funds on purely compassionate grounds. 86 applications, including 16 from associations, were rejected.

**Aviation**—Cathay Pacific Airways ordered two new Lockheed Electra aircraft for flights between Hongkong and South East Asia. The Electra is the latest passenger aircraft designed and produced by Lockheed Aircraft Corporation, California, and can carry more than 70 passengers. It will be powered by four Allison D13 jet prop engines and will fly at over 400 mph. The Electras are pressurized so that they can fly above bad weather. The Electras will come into service with C.P.A. during 1959 and, owing to their increased speed, flying time between Hongkong and Bangkok will then be cut to 3 hrs. 10 mins. C.P.A. will take delivery of their new Douglas DC6B in June 1958. C.P.A. now fly to and from Hongkong and Bangkok, Singapore, Kuala Lumpur, Rangoon, Calcutta, Phnom-Penh, Saigon, Manila and Labuan.

HONGKONG'S PRINCIPAL IMPORTS IN 1956

PART VIII

Item, Unit and Country from which Imported	Quantity	H.K.\$	Item, Unit and Country from which Imported	Quantity	H.K.\$
<b>Air-conditioning and refrigerat- ing equipment (excluding mechanical refrigerators, c.f. 899, 080, and dehumidi- fiers)</b>	—	11,877,771	Netherlands .....	—	117,230
United Kingdom .....	—	515,436	Sweden .....	—	181,107
Canada .....	—	1,761	Switzerland .....	—	25,071
Malaya .....	—	50	Eastern Europe .....	—	15,717
U.S.A. ....	11,011,631		European Countries, other ..	—	89,080
Japan .....	—	17,152			
Macao .....	—	5,922	<b>Electric bulbs, filament, for electric lighting, complete (other than torch-bulbs)</b>	<b>Doz.</b>	<b>541,757 2,619,821</b>
Philippines .....	—	5,800	United Kingdom .....	64,504	498,215
United States Oceania .....	—	6,000	Malaya .....	1	755
Denmark .....	—	15,960	U.S.A. ....	20,244	140,184
Germany (Western) .....	—	291,645	China .....	621	4,015
Sweden .....	—	4,174	Japan .....	198,870	371,927
Switzerland .....	—	2,240	Macao .....	2,077	12,272
			Belgium .....	5,883	31,644
<b>Machinery and appliances (other than electrical), n.e.s.</b>	—	10,305,394	Germany (Western) .....	44,635	285,895
United Kingdom .....	—	5,477,397	Italy .....	142	710
Australia .....	—	15,573	Netherlands .....	204,238	1,270,904
Malaya .....	—	357,276	Sweden .....	542	3,300
U.S.A. ....	1,060,611		<b>Domestic radio receivers (includ- ing radiograms)</b>	—	<b>6,169,983</b>
China .....	—	6,067	United Kingdom .....	—	334,041
Japan .....	—	1,826,648	U.S.A. ....	—	204,237
Macao .....	—	26,280	China .....	—	429,810
Austria .....	—	301,967	Japan .....	—	1,207,624
Belgium .....	—	104,544	Macao .....	—	29,414
Denmark .....	—	190,939	Germany (Western) .....	—	2,481,575
Germany (Western) .....	—	554,444	Netherlands .....	—	1,456,768
Italy .....	—	5,443	Eastern Europe .....	—	26,514



Item, Unit and Country from which Imported	Quantity	H.K.\$	Item, Unit and Country from which Imported	Quantity	H.K.\$
<b>Passenger road motor vehicles, complete, other than buses or motor-cycles ..... No.</b>	<b>3,381</b>	<b>30,959,655</b>	<b>Bicycles and other cycles not motorized ..... No.</b>	<b>20,585</b>	<b>3,191,835</b>
United Kingdom .....	2,402	20,769,141	United Kingdom .....	12,953	2,202,767
Australia .....	2	13,000	Malaya .....	3,532	503,514
Canada .....	136	1,889,945	China .....	2,113	239,762
Malaya .....	32	286,840	Japan .....	1,430	162,352
North Borneo .....	1	12,000	Macao .....	453	64,966
Pakistan .....	1	8,086	France .....	79	15,370
South Africa .....	3	24,000	Germany (Western) .....	25	3,104
East Africa (British) .....	1	5,600	<b>Parts of bicycles and of other cycles, not motorized (not including tyres and electric parts) .....</b>	<b>—</b>	<b>9,935,579</b>
U.S.A. ....	143	2,038,212	United Kingdom .....	—	265,777
Indonesia .....	1	9,000	India .....	—	2,000
Japan .....	2	22,245	Malaya .....	—	178,501
Macao .....	7	46,800	China .....	—	52,826
Philippines .....	3	36,000	Cambodia, Laos & Vietnam .....	—	174
Thailand .....	1	9,000	Japan .....	—	9,323,424
Denmark .....	2	15,600	Macao .....	—	27,253
France .....	24	217,419	France .....	—	30,502
Germany (Western) .....	450	4,387,382	Germany (Western) .....	—	39,972
Italy .....	154	1,025,478	Netherlands .....	—	15,150
Netherlands .....	11	105,260	<b>Stockings and hose ... Doz. pairs</b>	<b>196,483</b>	<b>4,280,147</b>
Sweden .....	2	14,180	United Kingdom .....	17,399	513,932
Eastern Europe .....	1	6,967	Malaya .....	1,467	32,322
European Countries, other ..	2	17,500	U.S.A. ....	30,590	1,176,361
<b>Motor-cycles, complete (includ- ing all types of motorized cycles and side-cars, com- plete ..... No.</b>	<b>1,383</b>	<b>2,139,844</b>	China .....	20,210	222,634
United Kingdom .....	281	569,752	Formosa .....	484	5,968
Malaya .....	4	4,450	Japan .....	52,147	734,938
Cambodia, Laos & Vietnam .....	2	2,350	Macao .....	45,336	697,491
Japan .....	33	43,004	Austria .....	50	3,100
Austria .....	54	39,460	Belgium .....	375	15,360
France .....	97	100,368	France .....	1,616	71,005
Germany (Western) .....	418	692,005	Germany (Western) .....	2,125	81,198
Italy .....	492	686,700	Italy .....	23,649	698,143
Netherlands .....	2	1,755	Switzerland .....	35	1,902
<b>Buses, trucks, lorries and road motor vehicles, complete, n.e.s. (except motor cars and motor cycles) ..... No.</b>	<b>414</b>	<b>4,350,933</b>	Eastern Europe .....	100	2,675
United Kingdom .....	244	2,561,776	European Countries, other ..	900	23,118
Australia .....	1	60,000	<b>Shirts ..... Doz.</b>	<b>33,522</b>	<b>4,186,438</b>
Canada .....	10	132,000	United Kingdom .....	1,635	352,713
Malaya .....	1	5,300	Malaya .....	203	30,991
U.S.A. ....	1	103,250	U.S.A. ....	14,412	2,884,967
Japan .....	21	340,185	China .....	13,962	744,685
Macao .....	2	3,300	Japan .....	755	67,002
Germany (Western) .....	134	1,145,127	Macao .....	2,523	97,947
<b>Chassis, with engines mounted, of passenger vehicles ... No.</b>	<b>36</b>	<b>441,220</b>	France .....	25	6,663
United Kingdom .....	1	21,760	Switzerland .....	7	1,470
Canada .....	3	48,500	<b>Photographic and cinematogra- phic apparatus and appli- ances, including cameras ...</b>	<b>—</b>	<b>17,950,714</b>
U.S.A. ....	10	172,500	United Kingdom .....	—	609,618
France .....	20	180,460	Australia .....	—	2,118
Germany (Western) .....	2	18,000	Canada .....	—	392,318
<b>Chassis, with engines mounted, of buses, trucks, lorries No.</b>	<b>702</b>	<b>12,921,620</b>	India .....	—	6,700
United Kingdom .....	680	12,611,820	Malaya .....	—	216,641
Canada .....	3	46,800	U.S.A. ....	—	3,109,129
Malaya .....	—	—	China .....	—	52,858
U.S.A. ....	18	251,000	Japan .....	—	2,963,719
Macao .....	1	12,000	Macao .....	—	49,800
Germany (Western) .....	—	—	Philippines .....	—	60,000
			Austria .....	—	87,700
			Belgium .....	—	630
			France .....	—	75,373
			Germany (Western) .....	—	9,258,447
			Italy .....	—	27,562
			Netherlands .....	—	6,575
			Sweden .....	—	32,766
			Switzerland .....	—	845,764
			Eastern Europe .....	—	152,996



Item, Unit and Country from which Imported	Quantity	H.K.\$	Item, Unit and Country from which Imported	Quantity	H.K.\$
<b>Films (other than cinematographic), plates and paper for photography</b>					
United Kingdom	—	7,405,094	U.S.A.	—	1,071,550
Malaya	—	2,090,011	China	—	92,430
U.S.A.	—	18,117	Japan	—	240,854
Japan	—	2,584,213	Macao	—	4,145
Austria	—	215,180	Philippines	—	500
Belgium	—	15,600	Denmark	—	6,400
Germany (Western)	—	918,063	Germany (Western)	—	427,650
Netherlands	—	1,279,067	Netherlands	—	271,211
	—	284,843	Switzerland	—	149,370
<b>Cinematographic films, not exposed</b>			<b>Gramophone (phonograph) records</b>		
United Kingdom	38,961,078	4,734,766	No.	684,578	3,500,740
Canada	1,729,256	211,969	United Kingdom	64,843	446,919
Malaya	7,981,811	680,400	Canada	240	740
U.S.A.	58,500	35,971	India	46,090	153,948
Japan	12,901,588	2,467,156	Malaya	13,212	56,583
Macao	12,000	12,300	U.S.A.	184,371	1,839,799
Belgium	957	965	China	268,497	573,945
Germany (Western)	7,159,055	593,935	Japan	66,096	128,852
Italy	6,136,360	513,758	Philippines	8	24
Switzerland	2,870,000	211,112	France	1,087	10,924
	111,551	7,200	Germany (Western)	7,059	66,530
			Italy	300	520
			Netherlands	32,775	221,955
<b>Watches and watch movements</b>			<b>Mechanical (electric, gas, or other types) refrigerators, self-contained units</b>		
No.	3,014,099	118,695,177	No.	5,850	5,857,175
United Kingdom	21	3,140	United Kingdom	1,604	1,372,256
Canada	2,480	209,924	Malaya	70	77,500
Malaya	909	48,991	U.S.A.	3,209	3,659,445
U.S.A.	31,373	1,758,035	Indonesia	20	25,000
Formosa	312	9,360	Japan	56	31,868
Japan	1,397	145,358	Macao	12	13,200
Macao	702	36,000	United States Oceania	2	4,200
France	3,379	136,543	Belgium	20	17,750
Germany (Western)	122,031	2,402,113	Denmark	21	20,464
Switzerland	2,851,495	113,945,713	Germany (Western)	782	572,202
			Italy	1	1,880
			Sweden	53	61,410
<b>Clocks, clock movements and parts</b>			<b>Fountain-pens, propelling pencils, penholders and pencil holders of all materials</b>		
United Kingdom	—	2,269,874	No.	395,832	5,285,167
Malaya	—	475,825	United Kingdom	502	6,552
U.S.A.	—	63,877	Canada	761	84,446
China	—	51,575	Malaya	249	38,760
Japan	—	29,884	U.S.A.	58,847	1,318,090
Belgium	—	696,117	China	48,891	1,462,583
France	—	800	Japan	261,220	1,858,831
Germany (Western)	—	3,145	Macao	2,250	18,788
Italy	—	892,129	Germany (Western)	19,112	458,429
Netherlands	—	17,168	Netherlands	4,000	38,683
Switzerland	—	5,550			
	—	33,804			
<b>Gramophones (phonographs), including record players</b>					
United Kingdom	—	3,332,097			
Malaya	—	1,067,837			
	—	150			

(End)

FINANCE & COMMERCE

HK EXCHANGE MARKETS

Sept.	T.T. High	U.S.\$ T.T. Low	Notes High	Notes Low
16	\$601	600¼	598¾	598
17	600	598¾	597¾	595¾
18	598¾	598	596¾	595¼
19	602	598¼	601¾	596¼
20	600	597	599	595¾
21	596	594	594¾	592
D.D. rates: High 600 Low 591½.				

Trading totals: T.T. US\$3,520,000;  
Notes cash US\$445,000, forward US\$

2,900,000; D.D. US\$380,000. The market opened firm but the increase of bank rate in London gave new strength to the Pound Sterling forcing US dollars down to below 600. Coming at a time when Britain's gold and dollar reserves have suffered a heavy setback, the decision to raise the bank rate from five to seven per cent is evidence of the Government's determination to maintain the value of sterling both at home and abroad.

In the T.T. sector, offers from

Japan, Korea, and the Philippines, were absorbed by gold and general importers. In the Notes market, shippers and speculators were quiet towards weekend. Interest favoured sellers and aggregated HK\$9.90 per US\$1,000. Positions taken by speculators averaged US\$2 million per day. In the D.D. sector, market was quiet.

**Far Eastern Exchange:** Highest and lowest rates per foreign currency unit in HK\$: Philippines 1.76—1.735, Japan 0.0141—0.01405, Malaya 1.873, Viet-

nam 0.06622, Laos 0.072, Cambodia 0.072, Thailand 0.2832—0.2805. Sales: Pesos 370,000, Yen 70 million, Malayan \$440,000, Piastre 9 million, Kip 6 million, Rial 5 million, Baht 3 million. The bloodless coup d'état in Thailand had little effect on the Baht rates. Dealings in Yen were greatly reduced on account of strict measures taken by the Japanese Government to smash blackmarket exchange operations there. **Chinese Exchange:** People's Yuan notes quoted \$1.4125—1.325 per Yuan. Taiwan Dollar notes quoted \$0.163—0.1605, and remittances 0.155—0.1535 per Taiwan Dollar.

**Bank Notes:** Highest and lowest rates per foreign currency unit in HK\$: England 15.70—15.60, Scotland and Ireland 14.00, Australia 12.37—12.30, New Zealand 14.20, Egypt 11.00—10.50, East Africa 14.75—14.70, South Africa 15.60, West Africa 13.50, Jamaica 14.00, Fiji 10.00, Malta 12.00, India 1.1765—1.1755, Pakistan 0.80, Ceylon 0.995, Burma 0.52, Malaya 1.837—1.827, Canada 6.18—6.14, Cuba 5.50, Argentina 0.135, Brazil 0.075, Philippines 1.77—1.75, Switzerland 1.37,

West Germany 1.385—1.38, Italy 0.0093—0.00925, Belgium 0.112, Sweden 1.02, Norway 0.72, Denmark 0.77, Netherlands 1.54, France 0.0129—0.01275, Vietnam 0.0705—0.069, Laos 0.072, Cambodia 0.074—0.0715, North Borneo 1.60, Indonesia 0.126—0.1245, Thailand 0.2735—0.271, Macau 1.035—1.03, Japan 0.0154—0.01505.

**Gold Market**

Sept.	High .945	Low .945	Macau .99
16	\$282 <sup>1</sup> / <sub>2</sub>	261 <sup>1</sup> / <sub>2</sub>	
17	261 <sup>1</sup> / <sub>2</sub>	260 <sup>3</sup> / <sub>4</sub>	
18	261 <sup>1</sup> / <sub>2</sub>	260 <sup>1</sup> / <sub>2</sub>	
19	263 <sup>1</sup> / <sub>4</sub>	260 <sup>3</sup> / <sub>4</sub>	272 High
20	261 <sup>1</sup> / <sub>2</sub>	260 <sup>3</sup> / <sub>4</sub>	
21	260 <sup>3</sup> / <sub>4</sub>	259 <sup>1</sup> / <sub>2</sub>	Low 270

Opening and the closing prices were 262<sup>1</sup>/<sub>2</sub> and 260<sup>3</sup>/<sub>4</sub>; highest and lowest, 263<sup>1</sup>/<sub>4</sub> and 259<sup>1</sup>/<sub>2</sub>. The market was erratic and quotations followed the ups and downs of US dollars. Interest for change over favoured sellers and aggregated \$3.50 per 10 taels of .945 fine. Trading averaged 6,500 taels per day and totalled 39,000 taels for the week, in which 17,530 taels were cash transactions (2,030 taels listed and 15,500 taels arranged). Speculative positions

averaged 14,500 taels per day. Imports from Macau amounted to 9,500 taels; a shipment of 48,000 fine ounces reached there last week. Exports totalled 10,500 taels (7,000 taels to Singapore, 2,500 taels to Indonesia, and 1,000 taels to Korea). Differences paid for local and Macau .99 fine were \$12.80—12.70 and \$11.80—11.70 respectively per tael of .945 fine. Cross rates were US\$37.79—37.76 per fine ounce; 16,000 fine ounces contracted at 37.78 cif Macau. US double eagle old and new coins quoted \$272—271 and \$230—228 respectively per coin, English Sovereigns \$58 per coin, and Mexican gold coins \$279—278 per coin. **Silver Market:** 500 taels of bar silver traded at \$5.75 per tael and 500 dollar coins at \$3.65 per coin. Twenty-cent silver coins quoted \$2.80 per five coins.

**Money Market:** Bank rate here will eventually be raised although the amount of increase was not clear at last weekend. Money will be dearer and speculation in real estate, US dollars, gold and shares will be more difficult.

**OFFICIAL FOREIGN EXCHANGE RATES****Agreed Merchant Rates by HK Exchange Banks' Association**

MAXIMUM SELLING:		MINIMUM BUYING:	
<b>Sterling</b>	1/2 13/16	1/2 29/32 T.T. 1/2 31/32 O.D.* 1/3 1/16 30 days. On Demand Bills on Europe 1/32nd. 1/3 1/4 90 days. higher than London 1/3 11/32 120 days. Rate).	<b>Rupees—(Pakistan)</b> 82 1/8 83 1/16 T.T. 83 5/16 O.D. 83 3/4 30 days 84 1/4 60 days
<b>Do.</b> (East & South Africa & Aden)	1/2 13/16	1/3 1/16 O.D. if under L/Credit 1/3 1/8 O.D. without L/Credit 3/32 up every 30 days.	<b>Malayan Dollars</b> 53 53 1/2 T.T. 53 9/16 O.D. 53 15/16 30 days 54 1/4 60 days
<b>Do.</b> (West Africa, West Indies, South America & Fiji)	1/2 13/16	1/3 11/32 O.D. if under L/Credit 1/3 13/32 O.D. without L/Credit 3/32 up every 30 days.	<b>U.S. Dollars</b> 17 3/16 17 7/16 T.T. (Delivery within two calendar months 1/16 down for each two calendar months thereafter)
<b>Rupees—(India)</b>	82 1/4	83 T.T. 83 1/4 O.D. 83 11/16 7 & 30 days 84 3/16 60 days 84 3/4 90 days	<b>Canadian Dollars</b> 16 1/2 16 3/4 T.T. 16 13/16 O/D
<b>Rupees—(Persian Gulf Ports)</b>		3/16 higher than the rate for Bills on Aden.	<b>Australian Pounds</b> 1/6 7/16 1/6 13/16 T.T. 1/6 15/16 O.D.
<b>Rupees—(Ceylon)</b>	82	82 13/16 T.T. 83 1/16 O.D. 83 1/2 7 & 30 days 84 60 days 84 1/2 90 days	<b>New Zealand Pounds</b> 1/2 13/16 1/3 1/8 T.T. 1/3 3/16 O.D.
<b>Kyat—(Rangoon)</b>	82 1/4	83 T.T. 83 1/4 O.D. 83 11/16 7 & 30 days 84 3/16 60 days 84 3/4 90 days	<b>South African Pounds</b> 1/2 25/32 <b>Switzerland</b> 74 7/8 <b>Belgium</b> 857 <b>West German Deutsche-Marks</b> 71 7/8

N.B.: Buying Rates for Sterling Telegraphic Transfers and Bills may not be quoted better than for delivery ready up to two months forward and thereafter at 1/32 of a penny higher for a further three months forward.

**HK SHARE MARKET**

Last week's slow market was further depressed on Friday by the news of UK's sharp increase in bank rate from 5% to 7%. Many speculators liquidated holdings towards weekend anticipating that local bank rate would eventually be pulled up; but the majority of investors assumed a wait-and-see attitude because the amount of increase in local rate was not clear at weekend. Borrowing will be dearer and trading conditions more difficult. The volume of business on the share

market may further decline but since successful action has been taken by local banks in recent years to reduce speculative buying, turnovers and prices should not be affected by the rate increase to an undue extent.

During the week, Cements lost another dollar; almost 7,000 shares were sold by nervous investors because they believed that competition between Japan and China in controlling the SE Asia cement market will continue to depress prices for HK products. Actually the recent drop in prices for cement in the local commodity market

levelled off last week with Japanese brands still higher than Chinese products. China's current heavy export of cement to SE Asia, particularly to Malaya and Singapore, could not be kept up too long on account of domestic shortage in China and the fact that export prices are far below cost of production.

Utilities, with the exception of Star Ferries, retained steady demand throughout the week but light selling pressure forced closing quotations fractionally lower than previous week. Yaumatis were steady after recent dips



because the bridge project is still not definite and no decision is likely to be reached during the current fiscal year; closed slightly lower than previous week on account of selling pressure resulted from the news of bank rate increase.

HK Banks recovered \$5 during the week after continuous drops since early August. HK Docks returned from recent highs to \$52 under profit-taking and dropped to \$50.50 in the weekend dip; still higher than \$49.50 before the climb two weeks ago. Dairy Farms were firm at \$15.60 but the Friday dip depressed it to \$15.50 in spite of the fact that this year's interim dividend

(55 cents) is better than that for last year (52½¢).

Realities, Star Ferries and cotton shares were quiet but quotations steady. Closing rates of other shares were slightly lower and the turnover amounted to a little over \$2 million: Monday \$448,000, Tuesday \$691,000, Wednesday \$355,000, Thursday \$515,000, Friday \$268,000.

**Dividends**—Dairy Farm, Ice and Cold Storage Company's interim dividend for the year ending December 1957 is 55 cents per share to be paid on or after October 16th. The Douglas Steamship Company announced a dividend of \$40 per share for the year ended December 1956.

is controlled by a few so-called "Chinese native products" companies here. Chinese timber, coal, cement and beer are monopolised by private agencies while Peking government agents here answer enquiries for vegetable oils, animal by-products and other state-controlled produce. Peking's purchasing representatives here absorb metals from the spot market whenever prices are attractive but orders for pharmaceuticals, chemicals, fertilizers and other essential supplies are usually placed with local agents of manufacturers.

**HK/Japan Trade**—Imports were much heavier than exports last week. Orders from Japan for produce increased in number but quantities involved were small chiefly due to limited supply here. Local and export demand for Japanese paper, cement, fertilizers, woollen piecegoods and yarn improved.

**HK/UK & HK/Europe Trade**—Demand from UK and Europe for China produce improved but limited supply from China handicapped the trade. Exports to UK totalling 3,000 tons consisted 70% of HK manufactures including rubber shoes, cotton textiles, plastic goods, knitwear, sawn timber and preserved ginger. Exports to Europe totalled only 600 tons last week; principal items were rubber shoes, plastic toys and preserved ginger. Imports totalling 10,000 tons came mostly (75%) from UK and consisted chiefly of woollen materials and other goods, fertilizers, dairy products, metals, automobiles, machinery and equipment, camera and photo supplies, wines and provisions, perfumes and cosmetics.

Last week's increase in bank rate in UK will eventually make UK products more expensive in the local market; importers will have to pay more interest on L/Cs sent to UK. Towards last weekend, HK Exchange Banks' Association revised the agreed merchant rates for foreign currencies; most forward rates were pegged higher.

**HK/US Trade**—Cargo movements between HK and US remained very active but consignments were mostly limited to about 800 tons per vessel. Shipments of firecrackers to US increased with the approach of X'mas.

Exporters here are complaining that marketing of HK products in US is very much handicapped by high freight charges. According to their estimate it costs 30% to 80% more to ship an item from here to US than sending a similar item from Japan to US.

**HK/Malaya Trade**—Import of rattan, firewood and charcoal from Singapore and Malaya amounted to about 500 tons. Exports consisting chiefly of foodstuffs totalled 1,000 tons. During the week there were only a few orders from Singapore, Penang and other Malayan ports for HK manufactures and foodstuffs.

Share	Sept. 13	Last Week's Rate			Up & Down	Dividend	Estimated Annual Yield (%)
		Highest	Lowest	Closing			
HK Bank	860	865	850	865 s	+45	\$50	5.78
Union Ins.	90.50 b	90	90 b	90	—50c	\$3.40	3.78
Lombard	34.75 b	34.75 b	34.50	34.75 n	steady	\$2	5.76
Wheelock	7.80	7.85	7.65	7.65	—15c	75c	9.80
HK Wharf	123 s	123 s	122 s	122 s	—\$1	\$6	4.52
HK Dock	53.50	53.50	50.50	53.50	—\$3	\$2	3.96
Provident	12.10	12	11.80	11.80	—30c	\$1	8.47
HK Land	35.25	35	34	34	—\$1.25	\$3.50	10.29
Realty	1.50	XD 1.40 s	1.45 b	XD 1.35 n	steady	15c	11.11
Hotel	15.20	15.20	14.80 b	15 s	—20c	\$1	6.67
Trams	23.30	23.30	23	23	—20c	\$1.70	7.33
Star Ferry	131 n	—	—	131 n	quiet	\$9	6.87
Yaumat	103	103	102 b	102	—\$1	\$7.50	7.35
Light	18.80	18.80	18.30 b	18.60 s	—20c	\$1.10	5.91
Electric	28.80	28.80	28	28	—90c	\$1.80	6.43
Telephone	27.80	27.80	27.30	27.30	—50c	\$1.50	5.49
Cement	29.80	29.50	28.80	28.70 n	—\$1.10	\$4	13.94
Dairy Farm	15.60	15.60	15.50	15.50	—10c	\$1.63	10.52
Watson	12.50	12.40	12.30	12.30	—20c	\$1	8.13
Yangtze	6.80 s	6.50 s	6.45	6.45 n	—15c	70c	10.83
Allied Inv.	4.225	4.20	4.10 b	4.20 n	—2½c	25c	5.95
HK & FE Inv.	9.80	10	9.80 b	9.80 b	steady	80c	8.16
Amal. Rubber	1.525	1.55	1.50	1.525	steady	28c	18.36
Textile	4.475	4.50 s	4.425	4.50 s	steady	50c	11.11
Nanyang	9.90 s	—	—	9.80 n	steady	\$1	10.20

## TRADE REPORTS

HK entrepot trade last week was active with Europe and Japan providing selective demand for produce and SE Asia buying metals, paper, pharmaceuticals and cement. Export of HK manufactures (chiefly knitwear, textiles and metalware) to UK, US, Malaya, Thailand, Indonesia and other countries remained normal. Trading volume on the local commodity market however was still less than this time last year; Korea, Thailand, Indonesia, Malaya are buying more from Japan and other countries than from here while Japan and Europe are trading direct with China whenever possible.

**Expansion of China Trade**—A 24-member unofficial Japanese trade delegation went to Peking to negotiate the signing of the long delayed 4th trade agreement. Principal items to be exchanged will include Japanese machinery, locomotives, iron and steel

products vs. Chinese coal, beans and iron ore. The West German trade delegation now in China is working on an agreement covering £20 m. trade each way.

Peking claimed that during the first 8 months this year over 130 foreign vessels called at Whampoa harbour and that since May last year about 50 foreign vessels visited the new Tsamkong harbour.

**HK/China Trade**—In addition to regular consignments of foodstuffs, China shipped here small quantities of tea, salt, wines, chinaware, drawn lace work and cement. Import of coal and sawn timber irregular but consignments are usually large. From here China continued to absorb steel products because prices were attractively low.

Most China traders here no longer try to offer various commodities to Canton, Shanghai, Tientsin and Peking; they handle chiefly the marketing of Chinese light industrial products. The distribution of foodstuffs from China

**HK/Thailand Trade**—Import of rice remained heavy. The bloodless army coup d'état in Bangkok had no immediate adverse effects on HK/Thailand trade. Orders reached here from Bangkok covered structural steels, paper, cotton yarn, winter underwear, shirts, knitwear, enamelware, aluminum ware; quantities involved not very substantial due to tightness of money there.

**HK/Indonesia Trade**—Demand from Djakarta for metals, paper, cotton

textiles and cement improved but many transactions dragged on because importers there could not get enough foreign exchange for their purchases. Shipments to Djakarta and other Indonesian ports totalled 1,200 tons; principal items were cotton cloth and yarn, metalware, knitwear and garlic.

**HK/Philippines Trade**—Manila bought some structural steels from the local market; HK/Manila trade was otherwise quiet.

Philippine legal experts are studying how to check the mounting traffic of contraband merchandise from HK brought there as personal effects. At present, passengers are permitted to bring US\$250 worth of goods into the Philippines free of duty. Smuggling of foodstuffs and other prohibited imports into the Philippines from here remained active; according to a Manila report, Chinese groceries and candy stores there are always well-stocked with contraband foodstuffs and other merchandise.

**HK/Korea Trade**—Seoul sent here more orders for paper, pharmaceuticals, dyestuffs and other supplies but many transactions were still handicapped by low buying offers. Seoul also invited tenders for the supply of motion picture processing machines.

**HK/Taiwan Trade**—There were more enquiries than orders from Taipei for industrial chemicals and pharmaceuticals; most counteroffers were too low to interest dealers here. Import of live hogs, canned food and fruits, starch, ginger, tea totalled about 500 tons.

**HK/Cambodia Trade**—Cargo movements between HK and Phnompenh remained slow; only about 500 tons of live hogs, cattle, maize and other staples against 400 tons of cotton textiles, metals and paper. There was no rice from Cambodia last week. Laos bought more cotton textiles from here but orders covered only small lots. South Vietnam bought only some structural steel in the local market; Saigon importers found purchases from here too expensive while authorities there curtailed allocation of foreign exchange.

**HK/Burma Trade**—There was only a few orders from Rangoon for camphor products, groundnut oil and cosmetics.

**HK/Ceylon Trade**—Quiet with little prospects of improvement. Under the new rubber/rice contract signed between Peking and Colombo, Ceylon will give access to China to boost the sale of Chinese goods among private enterprises in Ceylon. Colombo would probably continue to buy from here, rayon products, woollen goods and a few other items; quantities however could not be large.

**HK/Australia Trade**—Import of frozen meat, wools, hide, canned food and wheat flour totalled 800 tons; in return HK shipped there 1,200 tons

of cotton textiles, shirts, plastic products, knitwear, vacuum flask and other metalware, rattan goods and sawn timber. Demand for woodoil, camphor tablets and X'mas goods (firecrackers, decorating bulbs, toys, etc.) improved.

**HK/India & HK/Pakistan Trade**—Several hundreds of bales of cotton yarn reached here from India and Pakistan; dealers here in return shipped small lots of cassia to these two countries.

**China Produce**—Japan, Australia, Europe were principal buyers in the local produce market; interest however centred on items which were difficult to get from China—cassia, sesame, aniseed star, hop seed, spearmint oil, lemon grass oil, woodoil, coir fibre, bee wax, rosin, hog bristles, teased case, tea, camphor oil, camphor tablets, turpentine. Import of produce from Cambodia, Thailand, Burma and South Vietnam also slowed down. Trading volume was therefore restricted. The beans market was quiet.

**Metals**—Demand from China and SE Asia kept the market active and prices firm. Heavy stock on the other hand prevented gains in spite of the fact that many local quotations were lower than new indents particularly towards last weekend when European indents were marked up by about 5% to 7%. Items which retained steady local and export demand included round bars and other structural steels, galvanized iron pipe, iron wire rod, steel box strappings, wire nails, galvanized iron wire, mild steel plate, blackplate and tinplate and waste waste, galvanized iron sheet and zinc ingot. Local steel works absorbed substantial quantities of scrap iron on account of improved demand for HK round bars from SE Asia; prices for scraps therefore recovered from recent declines especially towards weekend when buying offers from Japan too increased.

**Paper**—Korea, Thailand and Indonesia provided strong demand for printing, packing and other paper with Seoul favouring US and European goods while Thailand and Djakarta buying Japanese and Chinese products. Many transactions fell through because buying offers were too low to interest dealers here. Items which retained steady demand were newsprint in reel and in ream, woodfree, poster, sulphite, kraft, tissue, manifold, greaseproof, cellophane, aluminum foil, glassine, cigarette paper and duplex board.

**Pharmaceuticals**—The market was kept active mainly by enquiries from Seoul; interest covered sulfonamides, santonin crystal, saccharium lactose, aspirin, phenacetin, caffeine alkaloid and vitamin B1. Trading volume was restricted by limited supply. The market also registered demand from local pharmaceutical manufacturers for saccharine, aspirin, vitamin B1, and from Taiwan for amidopyrin.



**Industrial Chemicals**—Trading slow. Taiwan enquired for petrolatum, formalin, ammonium chloride, gum copal; many transactions fell through. Local factories bought sodium sulphide, acetic acid, citric acid, calcium hypochlorite and calcium carbide but consumption small.

**Cotton Yarn**—HK yarn remained very firm on orders from local weaving

mills; Indonesia and Thailand continued to buy more yarn from here but quantities involved not yet very impressive. Pakistan yarn eased in the local market although indents were marked up; low buying offers from weavers kept prices here at low level and new arrivals further depressed quotations. Korean products steady on low stock while Japanese fine yarn firm on strong local demand.

**Cotton Piecegoods**—HK grey quiet on spot market; prices firm because orders from UK, US, Australia and SE Asia will keep local mills busy till next March. HK drill weak because exports slowed down while local sales affected by keen competition from Chinese and Taiwan products which were steady on low stock. Chinese grey favoured by Indonesia and white shirting retained strong demand from local shirt makers.

**Rice**—Trading slow, indents marked down, supply abundant. Thai rice, various grades all dipped. Chinese rice steady on dwindled stock and Cambodian rice firm because supply curtailed.

**Wheat Flour**—Supply still exceeded demand in the local market; prices weak. More arrived from Australia during the week.

**Sugar**—Trading quiet. Taiwan granulated fine dipped further under competition from Japanese products. Philippine brown steady on low stock but Indonesian brown declined under marked down cost. HK products also weak.

**Cement**—Demand from local contractors strong and will remain so during the next few months on account of the dry weather. There were also orders from Indonesia but prices failed to improve. On the other hand, price dips brought about recently by keen competition between Japanese and Chinese products seemed to have been checked (at least temporarily); Canton's price of \$105 per ton overside is far below production cost. It is economically foolish (though politically necessary) for Peking to keep up this competition. Furthermore, domestic shortage will force Peking either to buy cement from Japan as it did last year, or to curtail exports. Last year, Peking explained that it cost less for North China to buy cement from Japan than to ship Canton products northward. The completion of the Yangtze River Bridge will facilitate the transport of cement to construction sites north of Yangtze and indications are that China's export of cement will soon be curtailed.

**Fertilizers**—More supply arrived from Japan and Europe last week to meet the revived, although uncertain, demand from China and SE Asia.

**Preserved Ginger**—With the approach of winter, demand from Europe, UK, US and other markets for HK preserved ginger improved. Locally grown fresh ginger is used to qualify the product for preferential duties in Commonwealth markets; for exports to US and other territories, Taiwan ginger is sometimes used. In addition to its special flavour, HK preserved ginger is famous for its packing—specially made porcelain containers with beautiful designs on them are used.

## HONGKONG COMPANY INCORPORATIONS

Following new limited liability companies were incorporated during the fortnight ended Aug. 24, 1957 (all capital is nominal and in HK\$):

**The London and Eastern Insurance Co.**—Capital, 1 million; Alexandra House, Hongkong; Subscribers: P.A.L. Vine, 4 The Peak, Hongkong, solicitor; Raymond E. Moore, Prince's Building, Hongkong, solicitor. **Symphone Trading Co.**—Importers & exporters; Capital, 400,000; 506 Chinese General Chamber of Commerce Building, Hongkong; Subscribers: Young Han-chien, 6 Verbena Road, Yau Yat Chuen, Kowloon, merchant; Chang Jen-chi, 21 Ming Yuen Street West, Hongkong, merchant. **International Linkers**—Exporters & importers; Capital, 500,000; 69 Wyndham Street, Hongkong; Subscribers: Sohanial Golyan, 69

Wyndham Street, Hongkong, merchant; Bina Golyan, 69 Wyndham Street, Hongkong, housewife. **Trans-World Commodities**—Exporters & importers; Capital, 500,000; Prince's Building, Hongkong; Subscribers: H. D. Benham, Prince's Building, Hongkong, merchant; P.A.L. Vine, Prince's Building, Hongkong, solicitor. **Jardine Dyeing and Finishing Co.**—Manufacturers & dyers; Capital, 5 million; Alexandra House, Hongkong; Subscribers: H. D. M. Barton, Alexandra House, Hongkong, merchant; H. Sidbury, Alexandra House, Hongkong, chartered secretary. **Pacific Worsted Mills (Weaving Mill)**—Capital, 2 million; 933 Man Yee Building, Hongkong; Subscribers: Frank C. H. Jen, 931-934 Man Yee Building, Hongkong, merchant; Kuang Piu Chao, 933 Man Yee Building, Hongkong, merchant. **Wing Lee Glass Industry Co.**—Capital, 200,000; Inland Lot No. 1420, Bedford Road, Kowloon; Subscribers—Chiu Tze San, 8 Hoi King Street, Kowloon, merchant; Chen King Chong, 185 Tai Kok Tsui Road, Kowloon, merchant; Loh Tat Min, 45 Bonham Strand

East, Hongkong, merchant. **Hin Fat Investment Co.**—Capital, 1 million; 411-B China Building, Hongkong; Subscribers—Lourenco Lui, 91 Repulse Bay Road, Hongkong, merchant; Tsui Mae Gook, 4 Hawthorn Road, Hongkong, merchant. **The Hongkong Button Manufacturers Co.**—Capital, 500,000; 604 Hongkong & Shanghai Bank Building, Mongkok, Kowloon; Subscribers—Wang James Koh Sing, 3 Osmanthus Road, Kowloon, merchant; Fu Hsueh-I, 25 Shun Ning Road, Hongkong, merchant. **G. Herring (Export)**—Manufacturers of twine & flax; Capital, 100,000; c/o Lowe, Bingham & Matthews, Alexandra House, Hongkong; Subscribers—R. A. Wadeson, 7 Aigburth Hall, May Road, Hongkong, solicitor; C. F. Ney, Beutron House, Island Road, Aberdeen, manager. **Johnson Manufactory**—Manufacturers of metal ware and plastic ware; Capital, 200,000; 31 San Shan Road, Kowloon; Subscribers—Audrey Pei-Fung Chow, 5 Rutland Quadrant, Kowloon, married woman; Woo King Ming, 425 Chatham Road, Kowloon, merchant.

## HONGKONG TRADE IN AUGUST AND JAN./AUG. 1957

Comparison of August trade figures with those of August 1956 shows a continuation of the trend exhibited since January this year—lower values for merchandise exports and higher values for imports and an adverse trade balance averaging \$185 million a month over the past eight months.

Exports in August totalled \$209.1 m, \$57.3 m below August 1956 and \$30.9 m below the previous month—the seasonal drop in exports being accentuated by reduced exports to Indonesia and Japan. Imports at \$388.1 m were \$2.7 m above August 1956.

Exports during the period January to August 1957 totalled \$2,027.5 m, a fall of \$135.6 m or 6.3% compared with the corresponding period last year; however when compared with 1955 record a gain of \$433.1 m or 27.2% is registered. Imports at \$3,503.9 m were higher by \$433.5 m or 14.1% compared with 1956 and by \$1,097.5 m or 45.6% compared with 1955.

The following important changes are revealed by a comparison of trade figures for January to August 1957 with those for the corresponding period in 1956. Exports to US rose by \$49.9 m, and to Japan, the Philippines, Burma and UK by \$27.3 m, \$17.9 m, \$15.8 m and \$12.2 m respectively. Exports to Indonesia dropped by \$191.5 m, to Thailand by \$109.5 m and to South Korea by \$33.4 m. Imports from UK increased by \$122.1 m, and from US by \$111.7 m. Large increases were also recorded in imports from Indonesia, China and Switzerland. Imports from Japan fell by \$115.3 m, and from Malaya by \$46.7 m.

Exports of ores and metal scrap increased by \$47.2 m; increases were also recorded in exports of medicinal and pharmaceutical products, base metals, sugar and clothing. Exports of textile yarn and piecegoods fell by \$117.6 m, mainly as a result of reduced exports to Indonesia and Thailand, down by \$107.1 m and \$46.5 m respectively. In imports, base metals increased significantly by \$95 m. Large increases were also recorded in imports of scientific and controlling instruments (including photographic and optical goods and watches and clocks), \$53.8 million; of

ores and metal scrap, \$48.2 m. Imports of textile yarn and piecegoods fell by \$63 m.

**Exports of Hongkong Products**—Hongkong products exported during August were \$61.2 m or 29.3% of the total exports and \$2.1 m or 3.3% less than that for August 1956. Exports to Indonesia fell from \$6 m in July to \$3.8 m; comparative figures for exports of HK products to Indonesia during the Jan.-Aug. periods of 1956 and 1957 are listed below:

### Export of HK Products to Indonesia

	1956	1957
January .....	\$13,773,195	\$13,040,570
February .....	14,098,064	10,296,496
March .....	17,868,227	10,941,065
April .....	20,824,346	7,428,549
May .....	18,204,607	4,673,286
June .....	12,489,062	13,187,960
July .....	7,472,130	6,017,798
August .....	6,131,117	3,777,428

An analysis of the value of HK products exported during Jan./Aug. periods of 1957 and 1956 shows following important changes:—Exports this year at \$527.8 m were lower by \$1.3 m. UK continues to head the list of buyers so far this year, but has taken \$2.8 m less than last year. Indonesia reduced its purchases considerably but still is HK's second best customer. Malaya remains third although purchases dropped by \$9 m. Exports to US increased by \$14.7 m.

Principal manufactures exported during the first eight months this year were cotton piecegoods (\$150.1 m), cotton yarn (\$74.3 m), shirts (\$56.7 m), enamelware (\$43.4 m), footwear (\$41.3 m), electric torches (\$29.1 m), cotton singlets (\$25.4 m), and metal lanterns (\$11.3 m).

**Certificates of Origin** of all kinds and **Imperial Preference Certificates** issued during the month totalled 18,723; and covered goods to the declared value of HK\$53,909,928.



## IMPORTS, BY COUNTRIES

Country	August 1957 HK\$	Jan.-Aug. 1957 HK\$	Jan.-Aug. 1956 HK\$	Country	August 1957 HK\$	Jan.-Aug. 1957 HK\$	Jan.-Aug. 1956 HK\$
<b>Merchandise</b>				Venezuela .....	—	22,770 )	
United Kingdom	60,328,153	454,670,495	332,591,737	South America, n.e.s. ....	—	1,341,685 )	878,664
Central African Federation ....	341,882	2,046,264	2,708,892	Burma .....	2,693,198	14,171,918	27,691,250
East Africa, British .....	4,503,978	36,420,810	32,051,782	China .....	80,893,846	742,315,413	681,191,861
South Africa ..	3,196,034	27,199,539	17,082,870	Taiwan .....	4,920,486	60,123,089	33,826,896
Canada .....	2,340,408	38,092,193	30,454,245	Indonesia .....	12,469,336	83,975,777	17,563,468
West Indies, British .....	26,784	265,829	184,814	Japan .....	48,798,495	481,588,606	596,887,460
Borneo, British	3,726,010	32,666,693	27,045,223	Korea, South ..	998,544	12,885,433	11,197,031
Ceylon .....	441,606	3,889,296	2,744,267	Macau .....	3,847,629	27,653,385	25,350,577
India .....	4,550,693	62,799,849	39,859,543	Philippines ....	298,074	16,636,185	22,241,200
Malaya .....	9,865,485	67,818,473	114,560,425	Thailand .....	22,812,160	138,978,701	123,215,238
Pakistan .....	6,868,640	70,621,784	78,025,540	Cambodia .....	7,328,353	41,430,591 )	
Australia .....	8,043,706	74,980,470	60,481,019	Laos .....	166,314	371,554 )	
New Zealand ..	32,435	3,452,093	1,820,258	Vietnam, North	2,008,999	15,969,313 )	41,364,731
Fiji .....	—	95,057 )		Vietnam, South	291,419	3,588,972 )	
Oceania, British, n.e.s. ....	—	1,266,275 )	6,081,840	Middle & Near East .....	6,553,053	39,853,643	37,612,722
Mauritius .....	—	92,068 )		Asia, n.e.s. ....	—	7,500	2,300
Mediterranean Territories, Br. ....	5,490	5,490 )		Austria .....	1,728,347	11,292,348	13,873,352
Aden .....	—	234,465 )	656,195	Belgium .....	3,635,190	93,352,177	73,008,376
British Commonwealth, n.e.s. ....	2,500	177,098 )		Denmark .....	758,350	5,360,528	3,828,873
Egypt .....	—	10,506,897 )	5,850,886	France .....	3,776,615	27,777,722	19,083,103
Belgian Congo	—	260,479 )		Germany, West	13,223,008	110,822,396	81,941,979
North Africa, French .....	—	7,198 )		Italy .....	8,566,368	44,511,109	24,589,529
Equatorial & West Africa, Fr. ....	—	— )	1,585,628	Netherlands ....	7,305,036	5,740,298	50,517,768
Madagascar ....	19,365	55,291 )		Norway .....	1,211,947	9,883,184	2,980,195
Africa, n.e.s. ....	33,846	761,897 )		Sweden .....	2,114,442	20,080,909	13,832,937
U.S.A. ....	30,735,496	383,223,179	271,533,237	Switzerland ....	11,407,330	128,451,804	82,631,325
Cuba .....	33,660	96,682 )		U.S.S.R. ....	—	2,707	2,840,216
Haiti .....	—	— )		Czechoslovakia	785,985	6,866,382 )	
Mexico .....	420	2,640 )	1,660,870	Europe, East, n.e.s. ....	322,207	3,714,699 )	8,878,683
Central America, n.e.s. ....	5,500	5,500 )		Europe, n.e.s. ..	708,797	9,184,217	4,812,108
Argentina .....	94,562	3,855,730	1,370,207	United States ..	—	—	—
Brazil .....	3,268,896	15,822,985	39,733,258	Oceania .....	1,013	69,230	68,894
				Oceania, n.e.s. ....	9,429	360,217	421,007
				Total Merchandise ..	388,099,519	3,503,877,181	3,070,414,479
				Total gold and specie ..	38,100,796	268,026,304	347,152,124
				Grand Total .....	426,200,315	3,771,903,485	3,417,566,603

## EXPORTS, BY COUNTRIES

Country	August 1957 HK\$	Jan.-Aug. 1957 HK\$	Jan.-Aug. 1956 HK\$	Country	August 1957 HK\$	Jan.-Aug. 1957 HK\$	Jan.-Aug. 1956 HK\$
<b>Merchandise</b>				Fiji .....	323,012	1,675,479 )	
United Kingdom	22,325,387	213,152,252	200,983,903	Oceania, British, n.e.s. ....	118,898	1,585,345 )	4,853,491
Central African Federation ....	1,132,042	10,905,432	9,240,935	Mauritius .....	460,531	3,282,705 )	
East Africa, British .....	2,644,450	21,132,356	21,201,570	Mediterranean Territories, Br. ....	405,033	5,344,164 )	
South Africa ..	4,439,957	30,887,182	18,566,117	Aden .....	488,638	6,533,752 )	14,838,499
Nigeria .....	2,566,320	17,127,450 )	43,558,350	British Commonwealth, n.e.s. ....	23,897	143,545 )	
West Africa, British, n.e.s. ....	1,843,227	15,399,685 )		Egypt .....	—	202,495 )	2,072,893
Canada .....	3,318,991	27,821,779	20,142,482	Belgian Congo	1,049,947	9,993,931 )	
West Indies, British .....	2,285,432	14,932,806	12,333,049	North Africa, French .....	99,162	1,986,031 )	
Borneo, British	2,669,464	26,343,803	29,702,337	Equatorial & West Africa, Fr. ....	4,435,532	22,298,261 )	34,999,172
Ceylon .....	984,196	9,571,078	11,321,664	Madagascar ....	225,030	3,510,110 )	
India .....	1,172,579	10,392,415	14,188,512	Africa, n.e.s. ....	1,863,231	21,213,513 )	
Malaya .....	28,298,659	246,323,981	251,050,242				
Pakistan .....	129,851	2,573,689	3,848,109				
Australia .....	5,546,312	38,613,543	38,185,752				
New Zealand ....	3,276,344	11,001,598	10,554,691				



Country	August 1957 HK\$	Jan.-Aug. 1957 HK\$	Jan.-Aug. 1956 HK\$	Country	August 1957 HK\$	Jan.-Aug. 1957 HK\$	Jan.-Aug. 1956 HK\$
U.S.A. ....	18,433,733	119,773,010	69,849,891	Middle & Near East .....	1,857,844	20,375,106	23,272,807
Cuba .....	282,807	3,379,454 )		Asia, n.e.s. ....	148,058	1,363,493	1,512,046
Haiti .....	86,144	691,487 )		Austria .....	7,050	54,305	36,262
Mexico .....	147,070	1,761,153 )	17,288,299	Belgium .....	1,602,292	10,417,144	7,321,325
Central Ame- rica, n.e.s. ....	2,736,707	19,859,449 )		Denmark .....	384,612	3,475,079	3,048,766
Argentina .....	49,155	287,881	250,219	France .....	891,039	10,448,515	14,375,597
Brazil .....	111,480	666,320	335,993	Germany, West	4,079,637	27,842,926	26,877,323
Venezuela .....	1,511,222	7,798,390 )		Italy .....	566,780	6,079,783	5,067,901
South America, n.e.s. ....	1,217,162	6,826,931 )	13,071,844	Netherlands ....	1,008,443	13,282,363	15,182,746
Burma .....	5,275,204	31,884,403	16,075,357	Norway .....	346,131	5,552,140	4,267,947
China .....	8,916,256	87,382,734	78,657,645	Sweden .....	914,486	6,905,111	4,039,309
Taiwan .....	4,883,403	40,085,732	31,268,901	Switzerland ....	250,413	2,089,430	2,512,717
Indonesia .....	8,243,271	225,349,516	416,855,262	Europe, n.e.s. ..	135,901	1,856,577	2,015,038
Japan .....	6,611,044	197,981,790	170,662,165	United States			
Korea, South ..	2,397,442	45,408,995	78,856,776	Oceania .....	2,455,366	20,304,421	20,487,671
Macau .....	6,069,779	43,799,618	36,431,176	Oceania, n.e.s.	1,285,820	8,231,408	6,520,177
Philippines .....	5,619,341	47,377,953	29,438,795				
Thailand .....	12,933,021	122,666,022	232,152,255	Total Mer- chandise ..	209,144,558	2,027,488,286	2,163,095,919
Cambodia .....	4,364,481	32,800,036 )		Total gold and specie	48,620,700	271,174,562	353,388,408
Laos .....	3,846,023	31,666,412 )	93,721,401				
Vietnam, North	2,839,579	23,545,214 )		Grand Total	257,765,258	2,298,662,848	2,516,484,327
Vietnam, South	4,540,240	24,269,605 )					

## IMPORTS, BY DIVISIONS

Division	August 1957 HK\$	Jan.-Aug., 1957 HK\$	Jan.-Aug., 1956 HK\$
Live animals ....	15,093,790	108,147,581	113,320,827
Meat & preparations .....	4,249,848	44,890,374	23,353,181
Dairy products .....	5,541,867	72,175,042	59,998,301
Fish & preparations .....	6,260,097	58,167,710	52,564,794
Cereals .....	32,947,439	210,234,488	187,253,260
Fruits, vegetables .....	18,339,193	152,811,382	126,077,997
Sugar & preparations .....	5,442,419	61,729,280	52,839,110
Coffee, tea, cocoa, spices	3,696,160	38,610,111	32,105,803
Feeding stuffs .....	800,434	6,299,838	5,886,878
Miscellaneous food .....	3,064,735	25,141,348	19,665,745
Beverages .....	2,698,380	22,745,376	18,129,655
Tobacco & manufactures .....	7,088,250	48,689,609	39,733,190
Hides, skins, furs, (undressed)	785,011	10,534,054	8,853,157
Oil seeds, nuts .....	1,329,958	23,524,011	31,096,636
Crude rubber, including synthetic	1,704,817	12,070,292	15,157,223
Wood, lumber, cork .....	6,848,407	52,061,032	45,364,965
Pulp, waste paper .....	28,827	2,830,833	1,900,075
Textile fibres & waste .....	17,669,312	232,965,416	212,559,535
Crude fertilisers & minerals	804,479	6,833,249	5,266,842
Ores, metal scrap .....	195,802	56,551,607	8,315,709
Animal & vegetable crude materials	14,324,306	129,669,439	115,860,387
Mineral fuels, lubricants, related materials	22,113,730	147,895,399	131,907,144
Animal & vegetable oils (not essential oils), fats, greases, derivatives .....	6,962,468	55,139,550	57,616,668
Chemical elements & compounds .....	4,205,600	37,268,692	28,784,222
Mineral tar, crude chemicals .....	1,430	323,528	1,164,575
Dyeing, tanning & colouring materials	4,034,421	35,240,603	26,482,458
Medicinal & pharmaceutical products	7,346,825	49,404,475	32,462,140
Perfume materials, cleansing preparations	3,225,576	30,536,512	31,370,610
Fertilizers (manufactured) .....	128,687	5,817,401	33,103,929
Explosives, miscellaneous chemicals	7,612,105	55,521,692	36,345,541
Leather & manufactures, dressed furs	2,514,900	17,545,107	13,998,615
Rubber manufactures .....	825,095	9,515,953	13,912,453
Wood & cork manufactures .....	1,083,686	8,131,124	7,308,619
Paper, paperboard & manufactures	10,073,540	93,965,773	78,798,198
Textile yarn, fabrics, made-up articles	67,925,672	586,660,981	649,696,362
Non-metallic mineral manufactures	7,642,279	64,719,205	62,890,619
Silver, platinum, gems, jewellery	3,847,867	63,762,394	57,460,859
Base metals .....	18,520,940	274,661,299	179,700,353
Manufactures of metals .....	4,738,253	48,608,806	43,220,926
Machinery other than electric	14,414,491	112,332,216	86,410,039
Electric machinery & appliances	8,831,926	66,138,229	54,832,672
Transport equipment .....	10,089,995	78,757,235	58,700,357



Division	August 1957 HK\$	Jan.-Aug., 1957 HK\$	Jan.-Aug., 1956 HK\$
Prefabricated buildings; plumbing, heating & lighting fittings	858,289	9,204,245	10,031,999
Furniture, fixtures	346,393	3,343,754	2,357,145
Travel goods	314,743	1,879,986	1,577,310
Clothing	5,458,546	34,895,689	24,878,503
Footwear	1,339,081	6,191,882	2,724,184
Scientific instruments; photographic & optical goods; watches, clocks	14,846,887	156,991,038	103,159,285
Miscellaneous manufactures	9,851,766	72,294,631	64,169,115
Live animals (not for food)	30,797	447,710	146,309
Gold, specie	38,100,796	268,026,304	347,152,124
Total:	426,200,315	3,771,903,485	3,417,566,603

## EXPORTS, BY DIVISIONS

Division	August 1957 HK\$	Jan.-Aug., 1957 HK\$	Jan.-Aug., 1956 HK\$
Live animals	90,200	578,044	213,920
Meat & preparations	193,752	5,785,817	4,772,480
Dairy products	979,676	9,551,666	11,572,540
Fish & preparations	2,681,170	20,197,888	16,457,487
Cereals	2,932,459	29,146,609	33,422,003
Fruits, vegetables	8,571,296	82,886,470	77,987,003
Sugar & preparations	5,888,294	38,424,318	25,002,020
Coffee, tea, cocoa, spices	1,943,557	19,171,099	18,148,749
Feeding stuffs	126,688	1,422,627	1,775,974
Miscellaneous food	3,070,901	20,977,292	20,645,363
Beverages	864,007	7,669,708	8,406,366
Tobacco & manufactures	569,104	6,590,962	4,768,967
Hides, skins, furs, (undressed)	433,901	8,128,654	9,623,938
Oil seeds, nuts	775,280	14,019,834	32,838,114
Crude rubber, including synthetic	216,255	1,364,067	186,661
Wood, lumber, cork	788,323	6,625,925	5,793,130
Pulp, waste paper	114,918	1,934,174	1,289,147
Textile fibres & waste	1,504,709	60,073,178	51,193,428
Crude fertilisers & minerals	180,505	3,076,583	2,919,499
Ores, metal scrap	1,226,882	83,471,083	36,251,814
Animal & vegetable crude materials	8,778,397	82,210,712	100,162,614
Mineral fuels, lubricants, related materials	338,650	4,193,177	14,624,563
Animal & vegetable oils (not essential oils), fats, greases, derivatives	4,576,240	27,164,143	27,087,273
Chemical elements & compounds	1,484,890	13,630,081	9,768,364
Mineral tar, crude chemicals		147,140	693,496
Dyeing, tanning & colouring materials	3,280,460	31,849,054	36,720,656
Medicinal & pharmaceutical products	8,757,517	48,684,000	32,171,577
Perfume materials, cleansing preparations	2,264,066	16,904,758	17,150,185
Fertilizers (manufactured)	5,360	6,504,058	32,673,727
Explosives, miscellaneous chemicals	2,153,158	13,200,713	12,110,105
Leather & manufactures, dressed furs	242,455	1,265,272	1,793,596
Rubber manufactures	313,800	3,341,121	9,026,608
Wood & cork manufactures	377,924	3,208,925	2,796,264
Paper, paperboard & manufactures	4,191,129	35,347,096	44,974,075
Textile yarn, fabrics, made-up articles	43,627,069	472,211,983	589,812,018
Non-metallic mineral manufactures	3,318,408	29,045,885	38,349,394
Silver, platinum, gems, jewellery	2,400,125	19,124,837	22,678,231
Base metals	3,274,506	88,455,297	73,810,656
Manufactures of metals	8,353,761	81,803,772	89,951,753
Machinery other than electric	3,938,439	22,056,763	40,112,151
Electric machinery & appliances	3,138,952	23,270,037	25,782,215
Transport equipment	2,717,343	24,647,130	23,045,941
Prefabricated buildings; plumbing, heating & lighting fittings	5,374,902	47,354,534	52,815,002
Furniture, fixtures	2,371,473	25,294,720	23,350,955
Travel goods	1,629,976	11,165,188	11,723,042
Clothing	38,258,845	283,210,954	271,214,792
Footwear	4,150,793	46,530,834	58,965,596
Scientific instruments; photographic & optical goods; watches, clocks	2,677,183	24,219,646	27,084,667
Miscellaneous manufactures	13,934,955	119,669,567	109,327,042
Live animals (not for food)	61,905	454,901	350,758
Gold, specie	48,620,700	271,174,562	353,388,408
Total:	257,765,258	2,298,662,848	2,516,484,327



**HONGKONG PRODUCTS**
**EXPORTS, BY COUNTRIES**

Country	August 1957 HK\$	Jan.-Aug. 1957 HK\$	Jan.-Aug. 1956 HK\$
United Kingdom .....	11,135,417	105,980,492	108,792,681
Central African Federation .....	407,325	3,863,754	3,448,106
East Africa, British .....	1,480,772	12,300,919	12,456,784
South Africa .....	3,145,209	20,569,207	10,930,812
Nigeria .....	1,678,381	11,766,409	29,411,303
West Africa, British, n.e.s. ....	1,052,614	7,811,811	
Canada .....	947,902	7,028,173	5,139,830
West Indies, British .....	1,023,151	7,421,877	5,394,227
Borneo, British .....	665,068	6,828,903	7,897,590
Ceylon .....	358,213	3,595,466	3,182,595
India .....	131,305	1,373,269	4,111,509
Malaya .....	6,195,340	51,573,794	60,542,424
Pakistan .....	54,611	615,941	1,261,001
Australia .....	1,838,304	13,915,972	12,127,961
New Zealand .....	934,175	3,910,058	3,917,457
Fiji .....	118,755	748,365	1,840,405
Oceania, British, n.e.s. ....	31,833	540,720	
Mauritius .....	276,971	1,533,468	7,140,298
Mediterranean Territories, Br. ....	216,504	3,016,705	
Aden .....	249,645	2,849,074	244,015
British Commonwealth, n.e.s. ....	4,677	47,919	
Egypt .....	—	—	18,807,264
Belgian Congo .....	473,394	4,905,603	
North Africa, French .....	76,598	1,418,497	6,755,082
Equatorial & West Africa, Fr. ....	3,407,417	17,063,338	
Madagascar .....	121,148	1,972,824	14,571
Africa, n.e.s. ....	839,871	10,762,692	
U.S.A. ....	5,251,208	26,893,238	1,164,065
Cuba .....	84,537	1,288,748	
Haiti .....	44,864	497,957	3,704,131
Mexico .....	90,122	1,233,129	
Central America, n.e.s. ....	1,010,370	7,894,004	3,029,400
Argentina .....	9,375	39,284	
Brazil .....	35,604	78,641	1,042,306
Venezuela .....	1,073,114	4,739,970	
South America, n.e.s. ....	628,304	3,684,125	1,164,065
Burma .....	1,357,632	10,589,845	
China .....	364	2,454,320	3,029,400
Taiwan .....	123,265	853,792	
Indonesia .....	3,777,428	69,363,152	1,042,306
Japan .....	357,896	3,314,667	
Korea, South .....	2,860	189,585	1,042,306
Macau .....	609,257	3,941,755	
Philippines .....	2,901,285	25,639,087	1,042,306
Thailand .....	2,306,475	24,070,106	
Cambodia .....	1,276,240	4,489,809	1,042,306
Laos .....	391,221	8,255,937	
Vietnam, North .....	—	20,960	1,042,306
Vietnam, South .....	63,543	857,248	
Middle & Near East .....	582,007	6,688,776	1,042,306
Asia, n.e.s. ....	133,436	709,907	
Austria .....	—	1,504	1,042,306
Belgium .....	77,863	1,135,324	
Denmark .....	127,627	1,173,559	1,042,306
France .....	11,528	334,652	

Country	August 1957 HK\$	Jan.-Aug. 1957 HK\$	Jan.-Aug. 1956 HK\$
Germany, West .....	536,873	3,484,176	1,464,118
Italy .....	130,551	533,595	367,879
Netherlands .....	114,427	1,653,844	2,240,818
Norway .....	81,938	1,107,676	296,022
Sweden .....	113,442	1,380,790	939,081
Switzerland .....	29,868	227,085	179,340
Europe, n.e.s. ....	19,650	324,671	388,502
United States .....	—	—	—
Oceania .....	340,262	2,355,477	2,174,244
Oceania, n.e.s. ....	619,559	2,870,393	2,255,170
Total .....	61,178,595	527,786,038	529,118,299

**EXPORTS, BY COMMODITIES**

Commodity	August 1957 HK\$	Jan.-Aug. 1957 HK\$	Jan.-Aug. 1956 HK\$
Fish in airtight containers .....	160,534	1,382,260	1,511,879
Fruits (preserved) .....	1,244,689	9,112,920	10,491,841
Jams & fruit jellies .....	586	1,807	—
Fruit juices (unfermented) .....	31,740	263,650	406,294
Non-alcoholic beverages .....	194,982	741,413	636,966
Beer .....	1,123	4,289	25,267
Cigarettes .....	261,581	1,275,184	687,974
Iron ore .....	293,398	2,761,959	3,142,550
Tungsten ore .....	—	31,500	111,463
Seagrass .....	4,188	49,579	74,324
Lacquers, varnishes .....	283,864	2,005,351	1,988,914
Paints, enamels, mastics .....	1,012,298	8,487,922	7,682,225
Cotton yarn .....	7,834,294	74,307,375	69,284,401
Cotton piecegoods .....	16,011,459	150,080,189	109,376,276
Towels (not embroidered) .....	793,153	7,669,600	9,453,658
Linen (embroidered) .....	1,715,473	9,390,682	5,807,376
Cement .....	434,037	4,337,599	6,486,806
Iron & steel bars .....	1,084,888	6,783,228	6,232,398
Enamelware .....	4,773,417	43,411,090	50,270,743
Aluminiumware .....	662,110	5,843,115	6,006,057
Torch batteries .....	1,124,782	6,846,364	6,194,596
Torch bulbs .....	388,768	2,813,340	4,267,537
Electric Torches .....	3,170,133	29,090,056	32,311,167
Metal lanterns .....	1,429,789	11,280,705	12,412,984
Cotton singlets .....	2,898,733	25,445,917	60,572,024
Underwear, night-wear (embroidered) .....	596,496	3,264,139	2,161,332
Shirts .....	7,842,583	56,721,646	46,448,478
Outerwear (embroidered) .....	816,705	6,273,039	4,963,197
Embroidered articles of clothing (e.g., handkerchiefs, shawls, etc.), n.e.s. ....	1,102,242	3,681,259	2,892,030
Footwear .....	3,314,000	41,258,787	54,721,314
Matches .....	53,003	578,871	673,756
Plastic articles .....	931,579	7,264,351	6,566,731
Vacuum flasks .....	711,968	5,326,852	5,255,741
Total .....	61,178,595	527,786,038	529,118,299